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**INDEPENDENT MIDTERM EVALUATION**  
**OF THE**  
***STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE PERUVIAN  
LABOR INSPECTION SYSTEM PROJECT***

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**O'BRIEN &  
ASSOCIATES**  
I N T E R N A T I O N A L

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## LIST OF ACRONYMS

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CA	Cooperative Agreement
CEO	Chief Executive Officer
CHS	Capital Humano y Social
CGTP	Confederacion General de Trabajadores de Peru, General Confederation of Peruvian Workers
DGPIT	Dirección General de la Política de Inspección del Trabajo, The National Directorate for Labor Inspection Policies
FENUPETROL	Federación Nacional Unitaria de Trabajadores Petroleros, National United Federation of Petroleum Workers
FNTTP	Federación Nacional de Trabajadores Textiles de Peru, National Federation of Peru Textile Workers
GOR	Grant Officer Representative
ILAB	USDOL Bureau of International Labor Affairs
ILO	International Labour Organization
INII	Intendente Nacional de Inteligencia, National Intendant for Intelligence
IO	Immediate Objective
INPA	Intendente Nacional de Prevencion y Asesoría, National Intendant for Prevention and Assessment
INSSI	Intendente Nacional de Supervisión del Sistema de Inspección, National Intendant for the Supervision of the Inspection System
LABADMIN-OSH	ILO's Labour Administration, Labour Inspection, and Occupational Health and Safety Branch
M&E	Monitoring and Evaluation
MPG	Management Program Guidelines
MTPE	Ministerio de Trabajo y Promoción de Empleo, Ministry of Labor and Employment Promotion
OGTIC	Oficina General de Tecnología, Información, y Comunicación, General Office for Technology, Information, and Communication
OSH	Occupational Safety and Health
OTLA	Office of Trade and Labor Affairs
PLADES	Programa Laboral de Desarrollo, Program of Labor Development
PLIP	Strengthening the Institutional Capacity of the Peruvian Labor Inspection System Project
PMP	Performance Monitoring Plan
PTPA	United States-Peru Trade Promotion Agreement
PUCP	Pontificia Universidad Católica de Perú, Pontifical Catholic University of Peru

RF	Results Framework
SC	American Center for International Labor Solidarity (Solidarity Center)
SAM	US Government's System for Award Management
SIIT	Sistema Informático de la Inspección de Trabajo, Labor Inspection Information System
SIAN	Sistema de Información Articulado Nacional, The National Articulation Information System
SUNAFIL	Superintendencia Nacional de Fiscalización Laboral, National Superintendence of Labor Inspection
SUNAT	La Superintendencia Nacional de Aduanas y de Administración Tributaria, National Superintendent of Customs and Tax Administration
TAC	Technical Assistance and Cooperation Division
TOR	Terms of Reference
TOT	Training of Trainers
TPR	Technical Progress Report
USDOL	United States Department of Labor

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## EXECUTIVE SUMMARY

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### Project Description

In December 2015, Capital Humano y Social (CHS) signed a Cooperative Agreement (CA) with the United States Department of Labor (USDOL)/Office of Trade and Labor Affairs (OTLA) to implement the *Strengthening the Institutional Capacity of the Peruvian Labor Inspection System Project* (PLIP). PLIP is a USD 2 million project that aims to build the institutional and operational capacity of the SUNAFIL. The CHS and the Programa de Desarrollo Laboral (PLADES) implement the project, which started on December 31, 2014, and is scheduled to end on December 30, 2018.

The development objective or long-term outcome of the project is to *improve the effectiveness of Peru's labor inspection system*. The project design consists of the following three immediate objectives (IOs):

1. Strengthen SUNAFIL's institutional capacity to minimize the disruptions resulting from the transition to a newly legislated centralized system.
2. Enhance the professional capacity of the current and the new cadre of inspectors to conduct labor inspections more effectively.
3. Improve SUNAFIL's capacity to identify the illegal use or abuse of practices such as subcontracting/outsourcing and fixed term contracts. This objective focuses on the non-traditional export sectors and in selected geographical regions.

### Evaluation Purpose and Methodology

The purpose of this evaluation is to ascertain what the project has or has not achieved; how it has been implemented; how it is perceived and valued by target groups and stakeholders; what the results of project interventions have been on target stakeholders and institutions to date; whether expected results are occurring (or have occurred) based on performance data; the appropriateness of the project design; and the effectiveness of the project's management structure. The evaluation is also intended to identify effective practices, mechanisms and partnerships and assess the prospects for sustaining them beyond the life of the project as well as recommend concrete steps the project might take to help ensure sustainability.

The evaluation used primarily qualitative data collection methods. Quantitative data were also obtained from project documents and reports, to the extent that they were available and incorporated into the analysis. Data collection methods and stakeholder perspectives were triangulated, where possible, to increase the credibility and validity of the results. The interview process incorporated flexibility to allow for additional questions, ensuring that key information was obtained. A consistent protocol was followed during each interview.

The evaluation team reviewed project documents, developed data collection instruments, and prepared for the fieldwork during June 15-30, 2017. Fieldwork was conducted in Peru from July 3-14, 2017. The fieldwork culminated with a presentation and discussion of the preliminary

findings with project staff and a small group of project stakeholders on July 14, 2017. The bulk of the data analysis and report writing occurred from July 17 to August 4, 2017. The final evaluation report was submitted to USDOL on September 12, 2017.

## **Findings and Conclusions**

### *Project Design and Performance Monitoring*

Overall, the project design meets the guidance in the MPG. While the objectives and outputs follow a tight cause and effect logic, several of the objectives are not stated as changes in behaviors and do not align well with higher-level objectives. The project document includes a logical framework but does not have a results framework as required by the MPG. The evaluators believe that the project design is ambitious given SUNAFIL's institutional challenges that include an inadequate budget, insufficient number of inspectors, and high turnover rate of the Superintendent and Intendants. The ambitious nature of the design could ultimately affect achievement of the project's objectives.

The project has operated for nearly two and a half years without an operational PMP. Although a PMP was developed in Spanish in early 2015 and submitted to USDOL, it was not approved because it was submitted in Spanish instead of English as required by the MPG. The project developed a revised PMP in June 2017 that meets the guidance in the MPG and intends to submit the revised PMP with the next TPR submission. The indicators are generally appropriate to measure achievements of objectives.

### *Expectations and Needs of Key Stakeholders*

The project appears to be meeting the expectations and needs of SUNAFIL. SUNAFIL appreciates the financial support and is generally satisfied with the project and believes the interventions are appropriate to increase the effectiveness and efficiency of inspections. The Superintendent believes the project should invest in a new information system instead of upgrading the current system and would like the project to support SUNAFIL's effort to address the high degree of informal employment.

The project did not initially plan to collaborate with MTPE because SUNAFIL wanted to establish its autonomy. Under the new administration, MTPE/DGPIT is responsible for developing labor norms and inspection policies and plans. To assist DGPIT fulfill its role, the project has decided to provide financial support to DGPIT to develop a set of indicators for the information system that it can track and use to develop inspection policy.

The worker organizations, who know very little about the project, would like to attain a deeper understanding of how the project is trying to strengthen SUNAFIL since they are key clients of SUNAFIL. Worker organizations believe SUNAFIL is slow to respond to inspection requests and that some inspectors are biased towards employers. They also think SUNAFIL has a shortage of inspectors due to an inadequate budget.

*Progress and Effectiveness*

The project is generally on track to achieving its objectives and outputs. Several outputs, however, have been delayed such as the inspector workload distribution methodology and inspection protocols. This can be largely explained by frequent changes of SUNAFIL leadership and slow approvals of the outputs by SUNAFIL. Table 1 provides a summary of the project's outputs and their achievement status.

**Table 1: Summary of Project Outputs and Achievement Status**

Outputs	Status
List of public institutions identified and willing to team up with SUNAFIL's regional intendancies in Ica and Loreto	Work-in-progress
Improvement actions in the management of the regional intendancies of Ica and Loreto	Work-in-progress
Diagnosis SIIT elaborated	Completed
SIIT redesigned to incorporate new data	Completed
A new labor inspector workload distribution method	Work-in-progress
The National Articulation Information System (SIAN)	Complete
SUNAFIL's module virtual platform	Complete
Train-the-trainers courses	Complete
Training courses for inspectors and sanctioning staff	Work-in-progress
Audio visual and printed material for outreach programs to sensitize the public on the importance of labor inspection	Complete
Diagnostics and/or baseline document delivered to SUNAFIL's regional intendancies of Loreto and Ica	Work-in-progress
Studies with recommendations to standardize and improve the inspective action	Work-in-progress
Protocols and forms designed and/or re-designed and delivered to SUNAFIL	Work-in-progress
Inspection operations in sectors and themes prioritized by the project	Work-in-progress

The project has invested in two information systems: SIIT and SIAN. The project has supported the redesign of SIIT consisting of 31 specific improvements of which 30 have been made. The improvements are important to improving both effectiveness and efficiency of the inspections. While SIIT has software and hardware limitations, the redesign is important and should continue. On the other hand, while SIAN is potentially a powerful information concept, it would require substantial investment to create the platform and infrastructure that neither SUNAFIL nor the project has to invest.

The project is providing financial support to Loreto and Ica to close a backlog of inspection reports, establish zonal offices, and conduct planned inspections. It has purchased scanners and is paying personnel to review and approve the reports and scan documents and enter data into SIIT. The project also paid for a mapping exercise in Loreto to identify potential institutional offices where SUNAFIL might establish zonal offices to facilitate workers filing complaints. A similar study for Ica was planned but never executed due to a lack of interest of the former Intendant.

Planned or strategic inspections are a very important initiative that could help SUNAFIL strategically target inspections to enterprises where workers are at high risk for labor rights

violations and increase both efficiency and effectiveness of the inspections. The planned inspections the project has previously supported, which do not appear to have been conducted as part of a larger strategy, might have been conducted in a manner that built capacity of the regional offices to plan and conduct future strategic inspections (i.e. use of information, inspection strategies based on information, coaching by expert inspector, and post inspection processing).

The project has supported a variety of training courses for SUNAFIL personnel including TOT, organization and administration, and labor rights. It also paid for the virtual classroom platform and production of educational materials. The project plans to provide additional courses for inspectors and sanctioning staff in 2017 and 2018. The evaluators noted that there does not seem to be a long-term strategy for deciding what courses to provide and who should participate (i.e. based on a formal needs assessment).

The project has paid for several studies including the inspector workload distribution methodology, infraction act annulment study, and sector studies in Loreto and Ica. The project has paid for the development of three protocols. The fourth protocol (freedom of association) is in the process of being developed. Detailed and practical guidelines on carrying out inspections along with decision-making criteria are important and would help ensure inspections are consistent. This is what the project had originally envisioned. However, for reasons unclear to the evaluators, SUNAFIL opted for more general protocols that, to a large extent, copy existing labor laws and norms.

#### *Efficiency and Use of Resources*

The allocation of funds to line items in the project budget appears to be adequate. The only line item that seems slightly high is staff salaries and benefits, which accounts for nearly 60 percent of the budget total. The allocation of funds to the project objectives appears adequate. At the end of March 2017, the project is underspent by about 8 percent. The project will need to accelerate spending slightly to expend all funds by December 2018 when the project is expected to end.

#### *Management Arrangements*

The project has a unique management structure. CHS, who signed the grant with USDOL, is responsible for providing financial reports and project monitoring. PLADES, on the other hand, is responsible for implementing the project including hiring the Project Director. Due to the management structure and other factors, the level of communication and coordination between CHS and PLADES has not been as effective as it could have been.

The level of communication and coordination between the project and SUNAFIL is generally effective. SUNAFIL would like to formalize the level of communication that would include sending formal written requests to the Superintendent who would, in turn, circulate the request to the appropriate SUNAFIL manager to respond. It would also include establishing regular meetings with agendas. Sending formal, written letters to the Superintendent seems like an unnecessary bureaucratic step to the evaluators.

## *Sustainability*

The project has not yet developed and submitted a sustainability plan, as required by the MPG. The evaluators understand the sustainability plan is being developed and will be submitted with the next TPR.

Several of the project's outputs are more sustainable than others because SUNAFIL has the resources or willingness to continue to invest in these outputs. These include the redesigned SIIT, virtual classroom, training courses for inspectors and sanctioning staff, inspector workload distribution methodology, and protocols. Outputs that are less likely to be sustained include the educational materials, future training courses and studies that SUNAFIL would be required to sustain, zonal offices, and SIAN.

## **Recommendations**

1. *Results Framework and PMP.* The project should revise the results framework and PMP based on the comments provided in the project design section of this evaluation report.
2. *Sustainability Plan.* The project should develop its sustainability plan using the analysis provided in the sustainability section of this report.
3. *Project Document, Budget, PMP, and Sustainability Plan.* USDOL should provide formal written approval of the project document including the results framework, budget, PMP, and sustainability plan.
4. *Project Budget and Forecast.* USDOL should request the project to revise its budget based on the new results framework and sustainability plan and submit a budget forecast for the remaining 16 months of the project.
5. *Inspection Information System.* The project should work with SUNAFIL to design a process to continue to make improvements to SIIT and train inspectors on the improvements.
6. *Training Strategy.* The project should work with SUNAFIL to develop a long-term training strategy that is based on a training needs assessment.
7. *Training Transition Plan.* The project should develop and implement a strategy to transition the training courses it supports to SUNAFIL.
8. *Training Impact.* The project should collaborate with SUNAFIL to design a sustainable methodology to measure the impact of the training courses.
9. *Strategic Inspections.* The project should develop and implement a strategy and plan to build the capacity of SUNAFIL to conduct strategic inspections.
10. *Inspection Studies.* The project should work with SUNAFIL to develop specific plans to use the results of the inspector workload distribution methodology, inspection act annulment study, and the sector studies in Loreto and Ica.

*11. Protocols.* The project should work with SUNAFIL to redesign the protocols and criteria for reviewing complaints so they are more practical and useful and provide training to inspectors on their application.

*12. Worker Organizations.* The project should collaborate with the Solidarity Center to orient worker organizations on the objectives of the project and request comments and suggestions to increase the effectiveness of key outputs.

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## I. CONTEXT AND PROJECT DESCRIPTION

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### 1.1. Context

Peru is a country with very high labor informality: 70 percent of workers are employed in the informal sector, while in the formal sector; two-thirds of workers are employed on fixed term contracts.<sup>1,2</sup> Analysts estimate that under Peru's current economic conditions, it would take 50 years to overcome these informality rates.<sup>3</sup> The obstacles to reducing this informality are exacerbated by the pervasive use of short-term contracts and outsourcing in the formal economic sector that can constitute precarious forms of employment. As of 2015, the labor ministry reported that 100,487 workers per month are employed in outsourcing arrangements, while private sector consultants report that 80 percent of companies use outsourcing in Peru, with the mining and energy sector being the primary users.<sup>4</sup>

Peruvian law permits fixed term or indirect contracting through a variety of mechanisms. According to the Solidarity Center and the General Confederation of Peruvian Workers (CGTP), fixed term contracts and indirect contracting can be used to undermine labor rights. For example, the short duration of these contracts allows employers to not renew contracts without the need to justify the reasons for non-renewal. In practice, this has facilitated the swift dismissal of workers who speak up about rights compliance, question their contracting status, or join a union, effectively quelling any efforts to form worker organizations or directly negotiate improvements.<sup>5</sup>

SUNAFIL (Superintendencia Nacional de Fiscalización Laboral) is the government's principal agency responsible for monitoring compliance with national labor laws and international labor standards. Historically, the labor ministry was responsible for labor inspection. During Peru's decentralization process, the labor inspection function was decentralized to regional governments.<sup>6</sup> However, the decentralization of the labor inspection function was not effective at enforcing compliance with labor legislation.<sup>7</sup> It should be noted that the labor ministry is still responsible for labor laws and establishing inspection policies and guidelines.

To address weaknesses in the labor inspection system, including the inability to maintain an effective decentralized inspection function, Peru established an autonomous centralized labor

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<sup>1</sup> INEI, Peru. Evolucion de los indicadores de empleo e ingreso por departamento 2004-2012

<sup>2</sup> INEI, Produccion y Empleo Informal en el Peru 2007-2012

<sup>3</sup> El Comercio, "Informalidad laboral seguira afectando al pais 50 anos mas, October 14, 2014. Accessed at: <http://elcomercio.pe/economia/peru/informalidad-laboral-seguira-afectando-al-pais-50-anos-mas-noticia-1763803>

<sup>4</sup> Gestión, "Ocho de cada diez empresas en el Perú tercerizan y son 90% mas productivas," September 15, 2015. Accessed at: <http://gestion.pe/economia/ocho-cada-diez-empresas-peru-tercerizan-y-son-90-mas-productivas-2142885>

<sup>5</sup> These comments are based on interviews with Solidarity Center and CGTP representatives.

<sup>6</sup> <http://documents.worldbank.org/curated/en/703371468076130584/Peru-The-decentralization-process-and-its-links-with-public-expenditure-efficiency>

<sup>7</sup> Comment made by CGTP Secretary to evaluation team.

inspection authority in 2013. SUNAFIL is responsible for the promotion, monitoring, and enforcement of labor legislation. It is also responsible for providing technical advice and conducting research. SUNAFIL's structural and operational guidelines approved in 2013 call for the creation of 25 regional intendencias responsible for conducting labor inspections of small- to large-scale enterprises (more than 10 employees). The inspection of microenterprises (fewer than 10 employees) is the responsibility of the regional governments.<sup>8</sup>

The organizational structure of SUNAFIL consists of the Superintendent, General Secretary, National Intendancy of Inspection Intelligence (INII), National Intendancy of Prevention and Advisory Services (INPA), and the National Intendancy of Labor System Supervision (INSSI). The General Secretary consists of general offices that include technologies, information, and communication; administration and human resources; planning and budget; and legal services. SUNAFIL's inspection services consist of the Intendancy of the Lima Metropolitan and Regional Intendancies. Currently, SUNAFIL has 10 regional intendancies established in Ancash, Arequipa, Cajamarca, Huanaco, Ica, La Libertad, Loreto, Moquegua, Tumbes, and Cusco. The Lima and regional intendants report to the National Intendancy of Labor System Supervision.

Inspectors and assistant inspectors conduct the labor inspections. Inspectors are authorized to inspect workplaces with more than 100 employees while assistant inspectors are authorized to conduct inspections in workplaces with fewer than 100 employees. There are approximately 156 inspectors and 284 assistant inspectors to cover 16,200,000 workers and 7,492 enterprises, which converts into inspector to worker and enterprise ratios of 1 to 36,818 and 1 to 17,027, respectively.<sup>9</sup> The International Labour Organization (ILO) recommends a ratio of 1 to 20,000 for economies in transition such as Peru.<sup>10</sup> In addition, there are 23 supervisors who oversee the inspection services and approve inspection findings. The shortage of inspectors has been identified by SUNAFIL, as well as by employer and worker organizations, as a primary obstacle to inspection effectiveness.<sup>11</sup>

The Peru Ministry of Labor and Employment (MTPE) conducted a recent study of the labor inspection system. The study found that of 49,842 inspection orders, 73 percent originated from complaints filed by workers while only 27 percent stemmed from planned inspections.<sup>12</sup> Furthermore, of the 45,369 inspection cases that have been settled, only 14 percent found non-compliance with labor laws of which only 2.5 percent resulted in a fine.<sup>13</sup> The other 11.5 percent

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<sup>8</sup> Regional Government Organic Law No. 27867, Article 48 and Promotion and Formalization of Micro and Small Enterprises Law No. 28015, Article 3.

<sup>9</sup> The 440 inspectors and assistant inspectors include approximately 100 inspectors that work under the regional governments.

<sup>10</sup> Weil, David "A Strategic Approach to Labor Inspections, David Weil, International Labour Review, Vol. 147 (2008), No. 4.

<sup>11</sup> Project Document.

<sup>12</sup> Known as "operativos" in Spanish, these are planned inspections that may involve several labor inspectors and probably police support and in this case in remote regions of the country.

<sup>13</sup> Estado Situacional de las Órdenes de Inspección del Trabajo, Periodo 01 Abril de 2014 a 31 Diciembre 2016; Dirección General de Políticas de Inspección del Trabajo, Ministerio de Trabajo y Promoción del Empleo, Lima, Perú 2017.

of the cases were dismissed after an internal review of the inspection report for various reasons that may or may not be stated.<sup>14, 15</sup> Recently, in a growing number of cases, violations on review have been upheld but fines have been dismissed.<sup>16</sup>

## 1.2. Project Overview

In December 2015, Capital Humano y Social (CHS) signed a Cooperative Agreement (CA) with the United States Department of Labor (USDOL)/Office of Trade and Labor Affairs (OTLA) to implement the *Strengthening the Institutional Capacity of the Peruvian Labor Inspection System Project* (PLIP). PLIP is a USD 2 million project that aims to build the institutional and operational capacity of the SUNAFIL. The CHS and the Programa de Desarrollo Laboral (PLADES) implement the project, which started on December 31, 2014, and is scheduled to end on December 30, 2018.

The development objective or long-term outcome of the project is to *improve the effectiveness of Peru's labor inspection system*. The project design consists of the following three immediate objectives (IOs):

1. Strengthen SUNAFIL's institutional capacity to minimize the disruptions resulting from the transition to a newly legislated centralized system.
2. Enhance the professional capacity of the current and the new cadre of inspectors to conduct labor inspections more effectively.
3. Improve SUNAFIL's capacity to identify the illegal use or abuse of practices such as subcontracting/outsourcing and fixed term contracts. This objective focuses on the non-traditional export sectors and in selected geographical regions.

In addition to the IOs, the project design includes nine sub-immediate objectives (SIOs). Table 1 provides a summary of the development objective, IOs, and SIOs.

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<sup>14</sup> SUNAFIL uses the term “anular” in Spanish or annul in English to describe the process when SUNAFIL sanctioning staff declare an inspection act as invalid. The evaluators have decided to use the term “dismiss”.

<sup>15</sup> Although the review processes are internal to it, SUNAFIL officials are not certain why cases have been dismissed and have requested support from the project to conduct a study to determine the reasons. The study is discussed in detail in Section 3.3.

<sup>16</sup> SUNAFIL distinguishes violations that are light (“leve”), serious (“grave”), and very serious (muy grave). Fines for very serious offenses, such as forced labor and child labor, may not be waived. Freedom of association violations are reported to be largely serious offenses.

**Table 2: Project Objectives and Outcomes**

<b>Development Objective:</b> Improve the effectiveness of Peru’s labor inspection system		
<b>IO 1.</b> Strengthen SUNAFIL’s institutional capacity	<b>IO 2.</b> Enhance the professional capacity of the current and the new cadre of inspectors	<b>IO 3.</b> Improve SUNAFIL’s capacity to identify the use or abuse of illegal practices
<b>SIO 1.1.</b> The regional intendancies of Loreto and Ica have implemented and consolidated their institutional capacity	<b>SIO 2.1.</b> Inspectors trained as instructors or facilitators	<b>SIO 3.1.</b> Improvement of the knowledge of the regional intendancies about the problematic of certain economic sectors within their territories of influence.
<b>SIO 1.2.</b> The Labor Inspection Information System (SIIT) has been redesigned to accommodate the technical requirements of the present labor inspection system’s requirements of a centralized inspection system	<b>SIO 2.2:</b> Continuing training program for labor inspectors and sanctioning staff.	<b>SIO 3.2.</b> New criteria and protocols for inspective action enhance the efficacy of labor inspection in prioritized subject matters
<b>SIO 1.3.</b> The labor inspection system uses new management tools and more efficient and useful access to information	<b>SIO 2.3.</b> Government entities and social partners sensitized about the labor inspection, and willing to coordinate with SUNAFIL	<b>SIO 3.3:</b> Enhanced labor inspection planning and strategies in prioritized areas in Ica and Loreto

The primary beneficiary of the project is SUNAFIL, as an institution, and especially the SUNAFIL intendancies in Loreto and Ica where specific institutional capacity building initiatives are being piloted, such as the establishment of zonal offices, planned inspections, and the digitalization of inspection cases/files. SUNAFIL labor inspectors, assistant labor inspectors, supervisors, and sanctioning staff who benefit from training activities, an improved labor inspection information system, and labor inspection tools, are also direct beneficiaries. The indirect beneficiaries include workers and employers who should benefit from a more effective and efficient inspection system.

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## II. EVALUATION PURPOSE AND METHODOLOGY

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### 2.1. Evaluation Purpose

The purpose of this evaluation is to ascertain what the project has or has not achieved; how it has been implemented; how it is perceived and valued by target groups and stakeholders; what the results of project interventions have been on target stakeholders and institutions to date; whether expected results are occurring (or have occurred) based on performance data; the appropriateness of the project design; and the effectiveness of the project's management structure. The evaluation is also intended to identify effective practices, mechanisms and partnerships and assess the prospects for sustaining them beyond the life of the project as well as recommend concrete steps the project might take to help ensure sustainability. Finally, the evaluation will investigate how well the project team is managing project activities and whether it has in place the tools necessary to ensure achievement of the outputs and outcomes, and identify any lessons for improvement.<sup>17</sup>

### 2.2. Methodology

The evaluation used primarily qualitative data collection methods. Quantitative data were also obtained from project documents and reports, to the extent that they were available and incorporated into the analysis. Data collection methods and stakeholder perspectives were triangulated, where possible, to increase the credibility and validity of the results. The interview process incorporated flexibility to allow for additional questions, ensuring that key information was obtained. A consistent protocol was followed during each interview.

**Evaluation Schedule.** The evaluator reviewed project documents, developed data collection instruments, and prepared for the fieldwork during June 15-30, 2017. Fieldwork was conducted in Peru from July 3-14, 2017. The fieldwork culminated with a presentation and discussion of the preliminary findings with project staff and a small group of project stakeholders on July 14, 2017. The bulk of the data analysis and report writing occurred from July 17 to August 4, 2017. The final evaluation report was submitted to USDOL on September 12, 2017. The complete schedule of evaluation activities appears in the TOR Annex A.

**Data Collection and Analysis.** As noted previously, USDOL, CHS, and PLADES developed a list of evaluation questions that served as the basis for the evaluation. The questions were used to develop guides and protocols for the key informant interviews and document reviews. The master key informant interview guide is listed in Annex B. The following methods were employed to gather primary and secondary data.

*Document Reviews.* The evaluator read a variety of project documents and other reference publications. These documents included the project document, logical framework, results framework, technical progress reports and annexes, work plans, budget and financial reports,

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<sup>17</sup> Terms of Reference: See Annex A.

performance monitoring plans, Cooperative Agreement, Management Program Guidelines, and other key documents. Annex C shows the complete list of documents that were reviewed.

*Key Informant Interviews.* The evaluation team conducted a range of individual and group interviews where they interviewed 61 key informants from USDOL, CHS, PLADES, SUNAFIL, MTPE, workers' organizations, and employers. A complete list of the interviewees appears in Annex D.

The document reviews and key informant interviews generated a substantial volume of raw qualitative data. The evaluator used qualitative data analysis methods, including matrix analysis, to categorize, triangulate, synthesize, and summarize the raw data captured from the interview notes. The results of the data analysis provided tangible blocks of information, which the evaluator used to write the evaluation report. The data analysis was driven by the evaluation questions in the TOR.

**Sampling Methodology.** The lead evaluator interviewed the USDOL International Relations Officers overseeing the project and coordinating evaluation and monitoring activities. The team interviewed the project staff, partners, SUNAFIL and MTPE officials, labor inspectors, and workers' organizations and employers' representatives. The evaluation team intended to interview a non-random, purposeful sample of inspectors. However, due to a strike called by the inspectors' trade unions, the evaluators interviewed small groups of inspectors participating in a training course supported by the project. The labor inspectors' strike is discussed below as an important limitation. The evaluation team also traveled to Iquitos, Loreto to interview the inspection team.

Table 2 summarizes the organizations interviewed, the interviewing methodology, the sample size, and characteristics of the sample.

**Table 3: Organization, Methodology, Sample size, and Sample Characteristics**

Organization	Methodology	Number	Characteristics
USDOL	Individual interviews	2 (1M, 1F)	International Relations Officers
CHS	Individual interviews	4 (3M, 1F)	Director, Deputy Director, Loreto Coordinator, M&E Consultant
PLADES	Individual and group interviews	5 (3M, 2F)	Project Director, Project Advisor, Acting CEO and Relations Manager, Education Officer, Legal Advisor
SUNAFIL	Individual and group interviews	19 (8M, 11F)	Superintendent, General Secretary, and Intendants for Intelligence, Inspection Supervision, Prevention and Advisory Services, Lima, Ica, and Loreto
Inspectors	Group interview	15 (10M, 5F)	Labor inspectors who participated in training events funded by the project
MTPE/DGPIT	Group interview	2 (2M)	Director General and Director of Supervision and Evaluation

Organization	Methodology	Number	Characteristics
Regional Government Loreto	Group interview	2 (2M)	Director and Deputy Director for Loreto Regional Government Inspection Services
PUCP	Individual interview	1 (1M)	Deacon, Pontifical Catholic University of Peru
Solidarity Center	Individual interview	1 (1F)	Country Representative
CGTP	Group interview	2 (1M, 1F)	Legal Advisor, Secretary
FNTTP, FENUPETROL	Group interview	6 (6M)	President FENUPETROL and Press Secretary FNTTP and its affiliates
Law Firm	Individual interview	1 (1M)	Partner with the law firm Rubio, Leguia, Normand and labor law specialist for employers
ILO	Individual interview	1 (1M)	LABADMIN/OSDH Regional Specialist
<b>Total Interviewed</b>		<b>61 (39M, 22F)</b>	

The evaluation team interviewed 61 persons including 19 SUNAFIL administrative officials and 15 labor inspectors, which account for 56 percent of the total interviews. Seventy-seven percent of the labor inspectors and sanctioning staff who were interviewed were men.<sup>18</sup> In addition to the inspectors, interviews were conducted with representatives from the project, companies, government, a partner university, and USDOL.

**Limitations.** Several important limitations that could have affected the evaluation findings deserve mention. The most significant limitation was the time allotted to conduct fieldwork. The evaluation team had two weeks to conduct interviews with project staff, SUNAFIL and MTPE officials, inspectors, worker and employer representatives, and other key stakeholders. While the evaluation team visited the SUNAFIL office in Loreto, there was not enough time to visit the SUNAFIL office in Ica. Instead, the evaluators conducted a telephone interview with the new intendant. The amount of time also limited the number of worker organizations (3) and employers (1) that the evaluators were able to interview.

Another limitation was a strike called by the SUNAFIL inspectors' unions at the beginning of the evaluation fieldwork. Due to the strike, inspectors were not available during the first week of fieldwork. Although the unions and SUNAFIL leadership reached an agreement towards the end of the first week of fieldwork that ended the strike, many of the inspectors were not available for interviews during the second week of fieldwork due to a backlog of work or travel. The evaluators intended to interview a larger number of inspectors who received training or participated in the redesign of the labor inspection information system.

<sup>18</sup> According to the project's training database, 48 percent of the inspectors and sanctioning staff that have received training are men. This would suggest that men were over-represented in the sample and could mean that a selection bias was introduced. However, the evaluation team compared responses of men to women in the sample and believes the effect of a selection bias on the findings is minimal.

The evaluation was able to meet and interview the new SUNAFIL leadership including the Superintendent, General Secretary, and the Intendants for INII, INSSI, and INPA. The evaluation team also met and interviewed former SUNAFIL leadership that had more experience with the project and its interventions. However, only one SUNAFIL official attended the stakeholder meeting where the evaluators presented and discussed the preliminary findings.<sup>19</sup> Apparently, the MTPE Minister called a meeting at the same time as the stakeholder meeting and requested SUNAFIL participation. The evaluation team considers the lack of SUNAFIL participation in the stakeholder meeting and feedback on the preliminary findings as an important limitation to the evaluation.

It is also important to acknowledge that this evaluation was conducted during the transition period between two governments with very different points of views of labor relations. When the project started to implement activities in 2015 under the Humala Administration, SUNAFIL was newly created. The SUNAFIL administration wanted to establish SUNAFIL as an autonomous agency that was separate and independent from the Ministry of Labor and Employment Promotion (MTPE). Thus, the participation of MTPE was minimal. Under the Kuczynski Administration, MTPE has increased its participation in labor inspection including assuming responsibility for labor norms and inspection policies and plans that SUNAFIL is expected to implement. It should also be noted that, at the time of the evaluation, the new SUNAFIL administration had been in place for only about four months, which is insufficient time to fully understand and appreciate the complexities of SUNAFIL and the political implications.

It should also be noted that this evaluation is not a formal impact assessment. The findings for the evaluation were based on information collected from background documents and the key informant interviews. The accuracy of the evaluation findings are predicated on the integrity of information provided to the evaluator from these sources and the ability of the evaluators to triangulate this information. Furthermore, since the sample of inspectors and sanctioning staff was non-random and not statistically significant, the results of the interviews cannot be generalized to the entire population of inspectors, assistant inspectors, and sanctioning staff.

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<sup>19</sup> The director of the SUNAFIL training center.

### III. FINDINGS

The following findings are based on the review of key project documents and interviews conducted during the fieldwork phase of the evaluation. The findings address the key questions listed in the TOR and are presented according to the major evaluation categories: project design and performance monitoring; relevance to the situation and the needs and expectations of key stakeholders; progress and effectiveness; efficiency and use of resources; management arrangements; and sustainability.

#### 3.1. Project Design and Performance Monitoring

The following section reviews the USDOL requirements for project design and the performance monitoring plans (PMP) as stipulated in the Management Procedures and Guidelines (MPG) and compares them to the project design and PMP. Based on the comparisons; observations are made regarding the effectiveness of the project design and PMP.

##### 3.1.1. MPG Guidance on Project Design and Performance Monitoring

**Project Design.** USDOL provides project guidance in its MPG document.<sup>20</sup> The MPG requires USDOL grantees to use a Results Framework (RF). The RF is a tool that depicts the project hypotheses, which is the logical sequence of cause-and-effect events that include activities, outputs, objectives, and the ultimate outcome. The following table provides the definitions used in the MPG.

**Table 4: MPG Definitions for Key Project Design Terms**

Hierarchy	Description
Outcome	The expected outcome is the change that the project seeks to achieve. It describes the situation that is expected to exist at the end of the project, and/or the changes in a project beneficiary's performance expected as a result of the project. The project alone probably cannot achieve the identified outcome, but it should contribute to its attainment. The outcome is also referred to as the development objective, which is the nomenclature used by the project.
Immediate and Sub-immediate Objectives	Immediate objectives contribute to progress in reaching the outcome or development objective, but the results are more concrete, precise, and measurable. The sub-immediate objectives, on the other hand, contribute to achieving the immediate objectives. Immediate and sub-immediate objectives typically represent changes/improvements in policies, knowledge, skills, and behaviors or practices that managers are expected to accomplish.
Outputs	The outputs are the specific products, services, or systems that achieve the immediate or sub-immediate objectives. The project is responsible for producing outputs, which are tied to specific activities and budget resources.
Activities	Activities are the specific actions that the project executes to produce outputs.

<sup>20</sup> USDOL Management and Procedure Guidelines for Cooperative Agreements, FY2014.

**PMP.** The MPG requires projects to complete a PMP format that consists of the performance indicator, definitions for terms used in the indicator along with the unit of measure, the data source, data collection methodology, frequency of data collection and the person or office responsible for data collection.

### 3.1.2. Project Design and PMP Analysis

#### Project Design

The project's design is comprised of three hierarchies of objectives consisting of the sub-immediate objectives, immediate objectives, and development objective. In addition to the objectives, the project design has 14 outputs. The project design is logical and follows a clear cause-and-effect logic where the outputs are designed to achieve the sub-immediate objectives, which, in turn, are designed to achieve the immediate objectives. The immediate objective, if achieved, should contribute to the development objective. As stipulated in the MPG, the project has recently developed a RF diagram that shows the cause-and-effect relationships between the hierarchies of objectives.<sup>21</sup> Table 5 provides an analysis of the project's objectives and outputs along with suggestions.

**Table 5: Analysis of Project Objectives and Outputs<sup>22</sup>**

Objectives and Outputs	Observations
DO: Improve the effectiveness of Peru's labor inspection system	The development objective meets the criteria in the MPG for the outcome, which is a higher-level aspiration (impact) that the project is expected to contribute to but not necessarily attain during the life of the project.
IO 1. Strengthen SUNAFIL's institutional capacity	IO 1 is written in general terms and does not relate well to the two SIOs and their outputs. SIO 1.1 refers to creating zonal offices and digitalizing cases in Loreto and Ica so they can be closed and entered into SIIT. SIO 1.2 refers to the redesign and improvement of SIIT. IO 1 could be reformulated to focus on the use of information in SIIT to improve the inspections. This would improve the cause and effect relationship with SIO 1.2 and digitalization process in SIO 1.1. However, creating the zonal offices in Loreto and Ica would not relate well to the IO.
SIO 1.1. The regional intendancies of Loreto and Ica have implemented and consolidated their institutional capacity	Based on the two outputs, the SIO is overly broad. Output 1.1.1 aims to establish zonal offices where workers can file complaints while Output 1.1.2 aims to digitalize cases, enter them into SIIT, and clear the backlog of pending cases. Since these outputs suggest increased efficiency and effectiveness, the SIO should be stated as the regional intendancies establish the zonal offices and clear the backlog of cases.
Output 1.1.1. List of public institutions identified and willing to team up with SUNAFIL's regional intendancies in Ica and Loreto	The project has conducted a mapping exercise in Loreto and intends to conduct one in Ica to identify institutions willing to host zonal offices. This should be listed as one output. The second output should be agreements signed with public institutions where offices would be established.

<sup>21</sup> It should be noted that the project modified wording of several objectives, added a new sub-immediate objective under IO 3, and developed the RF, which had not been previously developed and submitted to USDOL on July 31, 2017.

<sup>22</sup> Information in Table 5 comes from the revised RF.

Objectives and Outputs	Observations
Output 1.1.2. Improvement actions in the management of the regional intendancies of Ica and Loreto	As stated, Output 1.1.2 is ambiguous. It should be stated in precise terms, which is that the backlog of inspection reports/files are digitalized, closed, and entered into SIIT.
SIO 1.2. SIIT has been redesigned to accommodate the technical requirements of the present labor inspection system's requirements of a centralized inspection system	SIO 1.2 is restating Output 1.2.2, which is the redesigned SIIT. Since objectives should reflect changes in behavior, SIO 1.2 should be rephrased to reflect use of the redesigned SIIT. The objective could be written as labor inspectors use the redesigned SIIT to make decisions aimed at increasing the effectiveness and efficiency of inspections.
Output 1.2.1. Diagnosis SIIT elaborated	The intention of Output 1.2.1 meets the criteria for an output. However, it should be restated to say information needs assessment of SIIT conducted and recommendations registered.
Output 1.2.2. SIIT redesigned to incorporate new data	As with Output 1.2.1, this output meets MPG criteria for outputs but should be stated in more accurate terms. It might be rewritten to read that the recommended changes/modifications (Output 1.2.1) to SIIT completed.
SIO 1.3. The labor inspection system uses new management tools and more efficient and useful access to information.	SIO 1.3 meets the criteria in the MPG for objectives. However, to increase precision, the objective might be rewritten to say that SUNAFIL implements the inspection distribution methodology and SIAN.
Output 1.3.1. A new labor inspector workload distribution method	Output 1.3.1 meets the criteria for outputs. However, it might be rephrased to read that a labor inspector workload distribution methodology is developed.
Output 1.3.2. The National Articulation Information System (SIAN)	Output 1.3.2 refers to the envisioned platform where SUNAFIL would have access to data from other key government agencies to help increase the effectiveness and efficiency of the inspection process. This output should be rewritten to say the SIAN is developed and functioning so it can be used.
IO 2. Enhance the capacity of the team of inspectors and sanctioning staff to conduct more effectively the labor inspection process	IO 2 is an appropriate objective that meets the criteria in the MPG guidelines and would be achieved if the corresponding SIOs and outputs were achieved. The project might consider rewriting it as enhance the capacity of inspectors to conduct more effective and efficient inspections and of sanctioning staff to conduct more effective reviews of infraction acts.
SIO 2.1. Inspectors trained as instructors of facilitators	SIO 2.1 is written more like an output than an objective. It should be reformulated as an expression of inspectors trained as trainers using new knowledge and skills to train inspectors. It could be rewritten as inspector-trainers conduct training or deliver courses using the virtual classroom platform.
Output 2.1.1. SUNAFIL's module virtual platform	Output 2.1.1 meets the criteria of an output but should be rewritten as SUNAFIL's virtual classroom platform developed and functioning.
Output 2.1.2. Train-the-trainers courses	SIO 2.1 as it is currently written would serve as an appropriate output here. Output 2.1.2 should be rewritten as the number of inspectors trained as instructors or facilitators.
SIO 2.2. Continuing training program for labor inspector and sanctioning staff	SIO 2.2 does not describe a change in behavior as a result of the training courses noted in the output. This objective should be rewritten as labor inspectors and sanctioning staff apply new skills during inspections and review of the inspection acts.
Output 2.2.1. Training courses for inspectors and sanctioning staff	The training for inspectors and sanctioning staff is an appropriate output but should be rewritten as the number of inspectors and sanctioning staff trained.
SIO 2.3. Government entities and social partners sensitized about the labor inspection, and willing to	It is not clear what sensitized means in this context. Actually, the project provided financing to produce the materials that INPA is using to educate workers and employers, which does not directly support the IO (increase

Objectives and Outputs	Observations
coordinate with SUNAFIL	capacity of the team of inspectors and sanctioning staff to conduct more effectively the labor inspection process). The evaluators understand that the project has decided to discontinue the support for the production of materials used to train workers and employers. The evaluators support this decision.
Output 2.3.1. Audio visual and printed material for outreach programs to sensitize the public on the importance of labor inspection	As noted above, the project intends to discontinue supporting the production of educational materials because it does not directly contribute to increasing the capacity of inspectors to conduct effective and efficient inspections. This output and the corresponding SIO 2.3 should be deleted.
IO 3. To improve labor inspection specifically in the areas of subcontracting, temporary agreements, fundamental rights, and safety and occupational health	IO 3 is an appropriate objective that meets the MPG guidance and would be achieved if the corresponding SIOs and outputs were achieved.
SIO 3.1. Improvement of the knowledge of the regional intendancies about the problematic of certain economic sectors within their territories of influence	While the sector assessments noted below in Output 3.1.1 contributed to the knowledge of the intendancies in Loreto and Ica, the more important objective is the use of the knowledge to conduct planned inspections. Thus, SIO 3.1 should be reformulated to reflect the use of knowledge. It might be rewritten as SUNAFIL intendancies in Loreto and Ica use the sector assessments to plan and conduct strategic inspections.
Output 3.1.1. Diagnostics and/or baseline document delivered to SUNAFIL's regional intendancies of Loreto and Ica	Output 3.1.1 is not really a diagnostic or baseline document. The project funded an assessment of labor issues in selected sectors. In Loreto, it was the palm sector and in Ica, the agro-industry sector. This output should be written as such.
SIO 3.2. New criteria and protocols for inspective action enhance the efficacy of labor inspection in prioritized subject matters	In general, SIO 3.2 is an appropriate objective that meets MPG criteria. To demonstrate the required action, "applied" should be added. The revised objective would read as new criteria and protocols are applied to labor inspections to increase consistency and accuracy.
Output 3.2.1. Studies with recommendations to standardize and improve the inspective action	Output 3.2.1 is an appropriate output that meets the MPG guidelines and accurately reflects the studies conducted by the project. However, since the studies refer to the inspection act annulation study, this output should be stated as the annulation study.
Output 3.2.2. Protocols and forms designed and/or re-designed and delivered to SUNAFIL	Output 3.2.2 is also an appropriate output that meets the MPG guidelines and accurately reflects protocols developed by the project.
SIO 3.3. Enhanced labor inspection planning and strategies in prioritized areas in Ica	SIO 3.3 refers to improving the capacity of the intendancies in Loreto and Ica to plan and conduct effective inspections. The evaluators understand that this objective is essentially the same as SIO 3.1. If so, it should be eliminated.
Output 3.3.1. Inspection operations in sectors and themes prioritized by the project	Output 3.3.1, which refers to conducting planned and strategic inspections, is appropriate. It might be rewritten to state strategic inspections conducted.

While the project's design generally meets the criteria in the MPG and follows a strong cause-and-effect logic, the evaluation team believes the design is overly ambitious given SUNAFIL's institutional challenges, which include an inadequate budget, insufficient number of inspectors,

and high turnover rate among the Superintendent and Intendants.<sup>23</sup> The evaluation team understands that at the time the project was conceived, SUNAFIL was being established. Its key clients (workers and employers), labor experts, and other stakeholders assumed that there would be the political will to ensure SUNAFIL received the required funds to operate as an effective central inspection system operating 25 regional offices with an adequate number of inspectors. In hindsight, the project designers might have addressed these assumptions by focusing on fewer objectives and outputs. For example, the project might have focused on building the capacity of labor inspectors, including designing tools, to conduct high quality and strategic inspections.

### **Performance Monitoring Plan**

CHS, who is responsible for project monitoring, contracted a consultant in 2015 to develop the PMP. CHS submitted the PMP in Spanish to PLADES who sent it to USDOL on April 14, 2016.<sup>24</sup> According to the Project Director, USDOL did not acknowledge receipt nor provide comments on the PMP. The project essentially operated from January 2015 to June 2017 without a PMP. In June 2017, CHS contracted the same consultant to work with PLADES to update the PMP based on several adjustments made to the project design. The revised English version of the PMP was submitted to USDOL towards the end of June 2017.

The project's PMP includes the indicators, indicator definition and unit of measure, data source, frequency of data collection, and persons or offices responsible for collecting the data as required in the MPG. In reviewing the PMP, the evaluation team noted that several indicators do not have definitions that clearly define terms used in the indicator. For example, the indicator for SIO 1.1 is *number of facilities functioning properly for the benefit of users*. The definition is *inter-institutional agreements and/or letter of understanding with local governments to manage local offices or other facilities in the regions of Loreto and Ica*. However, the definition does not precisely define *functioning properly*, which would be critical to accurately measuring the indicator. The project, together with USDOL, should review all indicators to ensure that terms used in the indicator are precisely defined.

The other issue that the evaluation team observed during the review of the PMP is that each of the outputs includes an indicator. The evaluators believe that, in most cases, indicators for outputs are not necessary. In most cases, when outputs are clearly stated, they require only the output target to facilitate tracking and measurement. For example, Output 1.1.1 is a *list of public institutions identified and willing to team up with SUNAFIL's regional intendancies in Ica and Loreto* while the indicator is the *number of public institutions contacted*. In this case, the output could be stated as the *number of public institutions that sign agreements to serve as zonal offices*. The project should consider reviewing outputs to determine whether an output indicator is necessary. If not, the outputs should be precisely written with targets and the indicators eliminated.

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<sup>23</sup> Project staff, trade unions, and employers consistently mentioned these institutional challenges during interviews. The Superintendent changed four times in the past two years.

<sup>24</sup> The Project Director told the evaluators that an email exists that documents that the PMP was sent to USDOL.

During the review of the PMP, the evaluators identified several indicators that the project might consider revising to increase the accuracy of measuring the objectives. The following table shows the selected objectives, their indicators and comments and suggestions to improve the indicators.

**Table 6: Indicator Analysis**

<b>Objectives and Outputs</b>	<b>Indicators</b>	<b>Observations</b>
SIO 2.1. Inspectors trained as instructors of facilitators	Number of inspectors trained as instructors Number of inspectors delivering in-house courses	The number of inspectors trained is an output and should not be used to measure the SIO. The number of inspectors trained as instructors delivering courses is appropriate. The project should also consider using the percent as a measure (percent of instructors trained in TOT course delivering courses).
SIO 2.2. Continuing training program for labor inspector and sanctioning staff	Number of inspectors and of sanctioning staff trained Improvement in the competency levels of trained staff	The number of inspectors and sanctioning staff trained is an output and should not be used to measure the SIO. The improvement in competency levels does not measure whether new skills and knowledge are applied in ways that improve the inspections. This indicator should be rephrased to reflect an application of skills and knowledge. The percent should also be used as the measure.
SIO 2.3. Government entities and social partners sensitized about the labor inspection, and willing to coordinate with SUNAFIL	Number of staff and other government agencies, plus workers' and employers' organizations sensitized	This SIO and indicator should be deleted since the project does not intend to continue to provide educational materials to INPA for their public education activities. The evaluators agree with this decision since it is not clear how sensitized unions and employers contribute to an increase in the quality of inspections.
SIO 3.3. Enhanced labor inspection planning and strategies in prioritized areas in Ica	Number of inspection operatives in prioritized areas in Ica and Loreto	The number of inspection operatives (planned inspections) is an output and should not be used to measure the SIO. Instead, the indicator might be expressed as the number/percent of planned inspections that use intelligence (from INII) and other information to plan and conduct the inspections. Information would help identify enterprises at high risk for labor violations and focus the inspections on the most common violations in these enterprises.

### **Baseline Study and Indicator Tracking Table**

The MPG provides the following guidance for baseline studies:

*The Grantee is expected to collect baseline data against the finalized project indicators and submit the data within 60 days after the PMP is finalized. Baseline data and information measures the existing conditions of target areas or sectors and provides information on the characteristics of the target population, including their living and working conditions. Information from the project's baseline survey must be used to a) develop reliable project targets and identify direct beneficiaries; and b) inform project design and activities, including the identification and*

*development of relevant services to direct beneficiaries. Baseline data must be used to establish benchmarks, contribute to the measurement of project impact, and inform management decisions through the period of project performance.*

The M&E consultant hired by CHS to develop the PMP has gathered information that he used to establish targets for some of the indicators. However, the project has not conducted a formal baseline study to establish targets. The targets and actual achievements are reported in a data-tracking table appended to the PMP. In reviewing the data-tracking table, the evaluators observed that not all indicators have baseline values and targets and that some of the achievements reported are inconsistent with achievements reported in the TPRs (i.e. number of protocols developed). The project, together with the USDOL project manager should review the data-tracking table to ensure targets have been set for all indicators and that the achievements reported in the table are consistent with those achievements reported in the TPRs.

### **3.2. Relevance to Key Stakeholder Needs and Expectations**

The following section is organized according to an overview of the project’s key stakeholders and the needs and expectations of these stakeholders. This section specifically addresses to what extent the project addresses the priorities and needs of its key stakeholders.

#### **3.2.1. Overview of Key Stakeholders**

The evaluation team interviewed a range of key stakeholders. The evaluators conducted the vast majority of the interviews with SUNAFIL officials and inspectors. The team also interviewed representatives from the labor ministry (MTPE), worker organizations, employers, and the ILO. Table 7 provides a brief description of the stakeholders consulted during the evaluation.

**Table 7: Key Stakeholders and Relationships to the Project**

<b>SUNAFIL</b>	
Superintendent	The Superintendent is SUNAFIL’s chief executive responsible for overall operations.
General Secretary	The General Secretary is responsible for overall administration of SUNAFIL and includes offices of technology, information and communication (OGTIC), human resources, administration, and legal services. The project works closely with the OGTIC on inspector training and the revisions to SIIT.
INII	The National Intendant for Inspection Intelligence (INII) is the primary contact point for the majority of project outputs. These include the inspection information system (SIIT), the inter-institutional data sharing initiative (SIAN), the methodology for inspection workload distribution, the inspection protocols, and planned inspections. INII is also responsible for preparing annual and bi-annual reports for the labor minister and parliament.
INSSI	The National Intendant for the Supervision of the Inspection System (INSSI) is responsible for supervising inspectors. The Lima and Regional Intendancies, including Loreto and Ica, report to the INSSI Intendant. INSSI, along with INII, are the contact points for project interventions in Loreto and Ica. It should be noted that under the previous administration, the project did not have a relationship with INSSI. Under the new administration, INSSI is the official point of contact for the project.
INPA	The National Intendant for Prevention and Advisory Services (INPA) is responsible for outreach orientation and education activities to workers and employers (and public). INPA

	<p>serves as the point of contact for the production and distribution of audio and printed materials that the project funded.</p>
Intendants Lima, Regions	<p>SUNAFIL operates inspection offices for the metropolitan area of Lima and 10 regions: Ancash, Arequipa, Cajamarca, Huanaco, Ica, La Libertad, Loreto, Moquegua, Tumbes, and Cusco. The Intendants for Lima, Loreto, and Ica are the primary contacts for activities that include inspectors (Lima) and specific activities implemented in Loreto and Ica.</p>
<b>MTPE</b>	
DGPIT	<p>The General Directorate for Labor Inspection Policies (DGPIT) is responsible for developing national inspection policies and plans that SUNAFIL is expected to implement.<sup>25</sup> Given the importance of national inspection policy on SUNAFIL, the project has recently started collaborate with DGPIT. The collaboration aims to improve SIIT so it is able to provide information that DGPIT requires to establish inspection policy and plans. The collaboration to improve the SIIT supports SIO 1.2 and Output 1.2.2, which is the redesign of SIIT.</p>
<b>Worker Organizations</b>	
CGTP	<p>The General Confederation of Peruvian Workers (CGTP) has trade union affiliates throughout the country. The most important is the civil construction sector with 250,000 affiliates. Of the 52 trade union federations registered with MTPE, 35 belong to CGTP. These 35 federations have 328 affiliated trade unions that cover 24 regions. The most important regions include Arequipa, La Libertad, and Ica where textiles, mining, and agrarian federations and their affiliates are established. While CGTP does not directly participate in the project, it and its affiliates are important users of SUNAFIL inspection services.</p>
FNTTP	<p>FNTTP is a second-tier organization affiliated with the CGTP as well as the IndustriALL Global Union. FNTTP affiliates include both trade unions and individuals working in textile and confections, leather and footwear, and associated industries such as chemicals and natural fibers. FNTTP has more than 33 affiliated trade unions in Lima and Arequipa that include approximately 3,000 workers. FNTTP and its affiliates are important users of SUNAFIL inspection services.</p>
FENUPETROL	<p>FENUPETROL is another second-tier organization affiliated with CGTP. Currently, unions affiliated to FENUPETROL represent 1,650 of 10,150 total workers in unions with very low membership. FNTTP and its affiliates are important users of SUNAFIL inspection services.</p>
Solidarity Center	<p>Solidarity Center operates a regional office in Lima that serves projects in the Andes region, including Peru. Solidarity Center works closely with Peruvian trade unions on capacity building projects funded by USDOL.</p>
<b>Employers</b>	
Rubio, Leguia, Normand	<p>Rubio, Leguia, Normand is a prestigious Peruvian law firm that has a well known and respected labor, social security, and immigration practice. The evaluators met a partner in the labor law practice. In addition to representing large national and international companies on labor issues, he is head professor for graduate and undergraduate courses at PUCP's law school and is participating in the Consultative Commission in charge of the Reform of Peruvian Labor Legislation and in the Expert Committee designated by the Work Commission of the Congress of the Republic for preparing the Preliminary Draft of the General Labor Act.</p>

<sup>25</sup> The Government of Peru recently enacted Decree DS 002-2017-TR that gives MTPE the responsibility for the formulation of national labor inspection policy and becomes the final arbiter in conflicts between the different labor inspectorates.

### 3.2.2. Stakeholders' Needs and Expectations

The evaluators conducted a range of interviews with the stakeholders to determine the extent to which they believe the project is meeting their needs and expectations. The findings from the interviews are organized below according to the key stakeholders described above in Table 7.

#### SUNAFIL

*Superintendent.* The Superintendent told the evaluators that she is satisfied with the project and hoped it would help meet the needs of the new SUNAFIL administration including addressing labor informality.<sup>26</sup> She believes the project's focus on improving the effectiveness and efficiency of inspections is appropriate and appreciated. She also noted that the project's support to conduct a study to determine why sanctioning staff annul such a large number of alleged inspection infraction acts is important and will assist SUNAFIL to address the problem. The only project intervention that she disagreed with is the redesign of the inspection information system (SIIT). She told the evaluators that she did not think it was a good idea to invest in an outdated information system that would soon be obsolete. She said she would prefer that the project help SUNAFIL develop a new information system that met all of SUNAFIL's needs including connecting the different SUNAFIL offices. The new information system would require state-of-the-art software and the appropriate infrastructure including server and workstations. She estimated that the new information system would cost approximately \$700,000 to \$800,000.

*General Secretary.* The General Secretary told the evaluators that her office interacts with the project on the redesign of SITT and training.<sup>27</sup> She noted that the SIIT redesign and training are appropriate and useful initiatives. Regarding SIIT, she told the evaluators that she believes that the SIIT redesign should be the responsibility of the General Secretary instead of INII because her office is responsible for planning and that in other government agencies, the information systems typically are located in the planning function. She noted that the inspectors required training on how to use the SIIT to improve the quality of inspections. Regarding training, the General Secretary opined that SUNAFIL should focus on building the capacity of inspectors to train instead of contracting consultants. She believes the project should help train more inspectors to be trainers so they can teach courses using the virtual classroom as well as develop an incentive program to motivate inspectors so they continue training. She also mentioned that more on-line courses needed to be developed. The General Secretary noted that the project should help SUNAFIL evaluate the impact of the training and on-line courses that the project is supporting. She said this assistance should include developing indicators to measure the impact of training.

The evaluators also interviewed the head of OGTIC who is the General Secretary's primary point of contact for the SIIT redesign. The OGTIC Director told the evaluators that SUNAFIL is a new organization with limited human and financial resources. She said the project provided funds to

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<sup>26</sup> Approximately 70 percent of Peru's labor force works in the informal sector (see footnote #1). The new government administration has asked MTPE and SUNAFIL to address informality as expressed in the newly proposed bill to strengthen the inspection system (1722/2017-PE).

<sup>27</sup> Shortly after the evaluation fieldwork, the General Secretary that the evaluators interviewed was replaced.

pay consultants to help redesign SIIT, which is appreciated but noted a problem with the software. She said that the project opted for the free community version of Alfresco software that has limitations in terms of scalability and availability, since the clustering feature has been removed from the community version and is only available in the enterprise edition. She noted that the software license is required for each computer. The OGTIC Director also noted a storage capacity issue. She said that the Alfresco has a capacity of 140,000 files that SUNAFIL would exceed in six to seven years. She believes the project should help SUNAFIL purchase the enterprise edition that would cost about \$40,000. Another problem is that the process to scan and enter data is cumbersome because the scanner does not have multifunction capability.

*INII.* The INII Intendant is appreciative for the support INII has received for the redesign of SIIT, the mapping of potential collaborating government agencies under the SIAD initiative, the inspector workload distribution and inspection act annulment studies, and the inspection protocols.<sup>28</sup> He believes these are all important initiatives that are helping increase SUNAFIL's ability to conduct quality inspections. When asked about whether SIIT is adequate or whether SUNAFIL needs a completely new information system, he said that a new information system would be ideal but added that given resource limitations, improving the SIIT is the best strategy for now. He noted that he would like further support from the project to continue improving SIIT such as forms for data entry, links to labor laws, and alerts, as well as an enhanced server and workstations. He also said that the inspectors required training on how to use SIIT and the improvements.

When asked about SIAN, he acknowledged that the project provided support to identify government agencies with data that would help facilitate inspections. For example, the national customs and tax administration authority (SUNAT) has data on enterprises, including registration, structure and organization, revenue, production volumes, number of employees, and payroll values. He said using these data would help inspectors determine whether an enterprise's reported revenue and production is consistent with the number of workers and payroll value. If not, an enterprise might not be disclosing the true number of workers.

While SUNAFIL has signed agreements with 14 agencies, it is accessing data from very few. According to the INII Intendant, SUNAFIL uses the MTPE server that does not have the required storage capacity to download and use data from these collaborating agencies. SUNAFIL has proposed developing a platform to consolidate and manage the data called SIAN but does not have the budget or other resources to develop the platform. To access data from other government agencies, INII makes a specific request for the information it requires, and the collaborating agency sends it, which is a slow and inefficient process of accessing data.

While the INII Intendant is satisfied with the level of support SUNAFIL has received from the project, he believes the project should extend its support to other regional offices beyond Loreto and Ica. He also believes the project should work with SUNAFIL to conduct workshops for

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<sup>28</sup> According to the former Project Director, the workload distribution methodology was a specific request of the head of INII in February 2015 and continued by his successor in May 2015 with the full support of the Superintendent.

regional governments, including inspectors, so they understand the changes made to SIIT and can use the system more effectively.

*INSSI.* The INSSI Intendant told the evaluators that SUNAFIL is a young government agency with limited resources and very little experience with international cooperation. For these reasons, she appreciates the support the project has provided. She said she is especially interested in the results of the infraction act annulment study that will help identify and remedy the problem of high annulment rates. When asked about the level of communication and coordination with the project, she noted that the project communicates very informally with SUNAFIL in a decentralized and disjointed manner. She said she would like to formalize communication. For example, the project should send a written letter with the request to the Superintendent who would then decide who within SUNAFIL should respond and how. She also said the project and SUNAFIL should establish a schedule for planned and formal meetings.

*INPA.* The evaluation team met with the INPA National Coordinator because the Intendant was on maternity leave. The National Coordinator explained that the project funded the production of a range of video, audio, and printed materials for the SUNAFIL website, radio spots, and trainings with workers and employers. He said that the project helped produce about 2,000 copies of educational materials that have been distributed primarily to workers and employers. The project also supported training events and a seminar. He said INPA especially appreciates and values the support because INPA has limited funds for educational materials and training. He also noted that INPA has used inspectors who participated in the TOT course to train workers and employers on labor laws.

*Lima and Regional Intendants.* The evaluators interviewed the Lima and Regional Intendants for Loreto and Ica separately. The Lima Intendant said the redesign of SIIT is highly valuable including assistance with scanning and digitalizing files to be entered into SIIT. She said Lima has a backlog of 3,000 – 4,000 files to scan and enter into SIIT. She also noted that the project should consider continuing to work with INII to make further improvements to SIIT and provide training to inspectors so they can more effectively use SIIT to improve the quality of inspections. She also mentioned the inspector workload distribution methodology and annulment study as important initiatives that will help SUNAFIL improve both effectiveness and efficiency of its inspections. When asked about the inspection protocols, the Lima Intendant opined that the protocols seem overly general and appear to repeat national labor law. She questioned how useful they would be for inspectors.

The evaluators traveled to Iquitos, Loreto to interview the Loreto Intendant and her staff. She expressed appreciation for the support the project is providing to clear a backlog of 1,800 inspection reports. The project has provided a scanner that just arrived, as well as one person for three months to scan the files, and a lawyer for three months to review and close the cases, as appropriate.<sup>29</sup> The Intendant told the evaluators that currently inspectors do not know the status

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<sup>29</sup> SUNAFIL supervisors typically review inspection reports for accuracy and to help ensure that sanctioning staff do not dismiss them. Given the shortage of supervisors, the project agreed to pay an external lawyer that meets SUNAFIL requirements. The lawyer will determine whether the inspection report/act should be closed (without a fine) or should be sent to sanctioning staff for review and fines.

of infraction acts that are sent to sanctioning staff. She expects that improvements made to SIIT will provide this kind of information. In addition to SIIT, the project conducted a mapping exercise to identify public institutions that might host a zonal office including agreeing to pay for personnel for six offices and pay for a study of labor issues in the palm sector. SUNAFIL Loreto has not taken steps to establish zonal offices nor used the palm sector study to conduct more strategic inspections. The Intendant told the evaluators that while she has discussed the mapping of institutions and the palm sector study with the project, she has not seen the documents and would like to have copies.

The Intendant also told the evaluators that she would like to use future planned inspections to build the capacity of her staff to conduct planned and strategic inspections. She suggested that the project could fund bringing a highly experienced Peruvian inspector or an international inspector to help plan the inspection, coach her staff during the inspection, and process the experience to identify lessons. That kind of support would be more valuable, in her opinion, than a recent planned inspection that the project supported.<sup>30 31</sup>

The evaluation team conducted a telephone interview with the Ica Intendant. Like Loreto, the project has provided a scanner, one person for two months to scan the files, and a lawyer for two months to review the reports for nearly 1,400 inspections. The project has also agreed to purchase file cabinets. The Intendant expressed appreciation for this support because it helps him achieve his objectives. He also said the project supported a planned inspection of three factories in the agroindustry sector by paying for the rental of two cars and water. The Intendant said the rental of the cars was especially important because he only has one car and does not have funds in the budget to rent cars.

*Inspectors.* The SUNAFIL inspectors were on strike during the first week of the evaluation, which interfered with the evaluators' plans to conduct a range of focus group discussions with inspectors that participated in training events and the redesign of SIIT. Nevertheless, the evaluators were able to interview 16 inspectors and assistant inspectors who participated in these activities.

The evaluators interviewed five of the 60 inspectors who participated in the TOT course at ESAN University. Overall, the inspectors were satisfied with the course. They learned about group dynamics, group work, participatory teaching approaches, and how to present to

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<sup>30</sup> Under Output 3.3.1 (e.g. inspection operations in sectors and themes prioritized by the project), the project paid for the travel expenses of four inspectors and assistant inspectors to conduct the planned inspections in Loreto. The travel expenses included airfare, per diem (e.g. lodging and meals), and vehicle rental. In addition, the former Project Director and CHS representative for Loreto participated in the inspections. The former Project Director was responsible for assisting SUNAFIL with the organization and logistics while the CHS representative accompanied the inspection team to observe and provide feedback. The current Project Director accompanied the inspection team on the second inspection visit. On learning of these circumstances, USDOL requested the project to ensure that activities are consistent with Cooperative Agreement sec. II.C on host governments and, if they have any questions about its applicability, to raise the issue with USDOL.

<sup>31</sup> The General Inspection Law (28806) Article 5 permits inspectors to allow additional personnel to accompany the inspector if it enhances the quality and effectiveness of the inspection. The CHS representative and Project Director accompanied the SUNAFIL inspection team under Article 5.

participants. The inspectors commented that the TOT course was a good start but more training is required before they would be able to design and conduct trainings or courses. They said they need more training on how to design a course curriculum. While some inspectors have helped INPA train workers and employers on labor law, many have not been asked to train inspectors, which was the purpose of the TOT course, according to the inspectors who were interviewed. The inspectors noted that SUNAFIL does not have a clear plan to use the inspectors to conduct training. They suggested that SUNAFIL develop criteria for selecting inspector trainers (skills and interest) and a strategy/plan to train, practice, retrain, and eventually design and deliver training programs to inspectors. They also suggested that SUNAFIL decrease the inspection workload for inspectors expected to conduct training courses.

The evaluation team interviewed five of the 90 assistant inspectors who participated in the labor rights course at the Pontifical Catholic University of Peru (PUCP). The assistant inspectors told the evaluators that overall, the course was highly useful. Participants learned about labor laws, contracts, and how to develop accurate inspection reports and infraction acts. The Loreto Intendant believes her staff who participated in the training are developing better inspection reports and infraction acts with fewer annulments. The course participants explained that to improve future courses, professors should use more situations and cases that inspectors face when conducting inspections. Some of the cases used in the course were not relevant or too theoretical.

The Deacon of PUCP's School of Law and several assistant inspectors raised the issue of the inspectors' diverse educational backgrounds. While most of the participants were lawyers, others were physicians, accountants, engineers, and economists. According to the Deacon, lawyers were able to grasp legal issues quicker than the non-lawyers, which caused some degree of frustration among lawyers. The assistant inspectors who participated mentioned the same issue and suggested that the non-lawyers should have been separated from lawyers at the beginning of the course and given a primer on labor law and contracts.

Another complaint mentioned by the assistant inspectors and documented in the course's final evaluation is that professors did not teach a specific session they were scheduled to teach. Instead, they sent an assistant who, according to the assistant inspectors, was not prepared to teach. Apparently this occurred on three different occasions. The assistant inspectors told the evaluators that they were disappointed because well known and respected law professors were supposed to teach a session but instead sent a substitute teacher.

During the evaluation fieldwork, the project was in the process of offering a course on legal arguments and drafting for 30 inspectors and sanctioning staff. The evaluators attended one of the sessions and interviewed five of the participants. According to the participants, legal argumentation and drafting are important skills. While the course was meeting their expectations, they opined that it should be longer than 36 hours. They also said that given the importance of legal arguments, the course should be offered to all inspectors and sanctioning staff. The only criterion that their supervisors used to select them for participation was that they did not participate in previous trainings (it was their turn). They told the evaluators that combining inspectors and sanctioning staff in the same training was beneficial because they were being

trained on the same topics that would help develop a common framework and more effective coordination.

## **MTPE**

*DGPIT.* The evaluators met with the DNPIT Director General and Director of Evaluation and Supervision to discuss the collaboration with the project. The Director General explained that DNPIT has approximately 30 indicators it should use to develop inspection policy and plans. However, as currently designed, DNPIT is unable to access data for these indicators from SIIT. He said the project has agreed to provide financial assistance to (1) design a tool to extract data for the indicators from Lima metropolitan area inspection reports and (2) use the tool to scan relevant information from the inspection reports and enter them into SIIT. The Director of Education and Supervision told the evaluators that DNPIT intends to use the information to develop inspection policy such as the amount of time an inspection should take.

## **Worker Organizations**

*CGTP.* The evaluators met with the legal advisor and secretary of CGTP to discuss the project and SUNAFIL inspection services in general. The CGTP representatives told the evaluators that they did not know about the project. Regarding SUNAFIL, the secretary explained that CGTP was responsible for creating SUNAFIL due to the pressure it placed on the Humala administration in 2011 because the decentralization of the inspection function to regional governments was not effective.<sup>32</sup>

The legal advisor and secretary explained that CGTP and its affiliates are disappointed because SUNAFIL has too few inspectors to be effective and does not have an adequate budget or nationwide presence. They also complained that SUNAFIL is very slow to respond to union requests for inspections and that, when conducted, the inspections seldom find the employer at fault for labor law violations, especially in the agriculture sector. They also complained of inconsistent inspections, where one inspector finds a labor rights violation in a company's factory in one part of the country and another inspector does not find a labor violation for the same situation in the company's factory in another part of the country. Inspectors seldom interview workers who file complaints or whose short-term contracts were not renewed. They also noted the high number of infraction acts that are dismissed by SUNAFIL sanctioning staff is problematic because employers who violated worker labor rights are not fined. In general, CGTP believes customer service at SUNAFIL is poor and needs to be improved.

*FNTTP/FENUPETROL.* The evaluation team interviewed representatives of the textile (FNTTP) and petroleum (FENUPETROL) sectors. Like CGTP, FNTTP and FENUPETROL were unaware of the project. They suggested that PLADES organize a workshop and invite worker organizations (federations) to explain the project and request input from the federations. When

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<sup>32</sup> Peru's decentralization of fiscal responsibility to regional and municipal governments included decentralizing the labor administration system. For more information on Peru's decentralization process, refer to <http://documents.worldbank.org/curated/en/703371468076130584/Peru-The-decentralization-process-and-its-links-with-public-expenditure-efficiency>

asked about SUNAFIL, the federation representatives told the evaluators that they support the idea of a centralized inspection system, but past and present governments have not had the political will to provide the level of funding that SUNAFIL requires to be effective. They also opined that SUNAFIL is heavily influenced by MTPE and that the Minister and Deputy Minister are pro-employer because they come from the private sector.<sup>33</sup>

The FNTTP representative explained that there are many accidents in the textile factories caused by a lack of legally-required safety mechanisms and that employers are seldom found at fault by labor inspectors. Part of the problem is that it takes SUNAFIL weeks and sometimes months to respond to a request for an inspection based on a complaint. By the time the inspection is conducted, evidence to support a worker's complaint against the company for an accident does not exist. The FNTTP and FENUPETROL told the evaluators that sometimes inspectors give advice to employers about how to avoid labor violations and fines during inspections. In some cases, inspectors and company human resource managers take the same university courses and become friends.<sup>34</sup> To promote transparency, they believe inspectors should ask trade union affiliates to participate in the inspection.

*Solidarity Center.* The evaluators interviewed the Country Representative of the Solidarity Center. She acknowledged that the project was not designed with workers in mind and that the project should try to find a way to involve them since they are SUNAFIL clients and inspections are critical in resolving a labor rights violation complaint. One way would be to form a project steering committee that would have union representation and be headed by an objective third party (not SUNAFIL or PLADES). She also noted that the worker organizations that collaborate with the Solidarity Center are not familiar with the project. She believes it would be important for the project to organize a workshop or seminar to orient worker organizations so they know that a project exists to help strengthen SUNAFIL. The project and SUNAFIL could share the key outputs (protocols, studies, and data from SIIT) with the worker organizations and solicit their opinions. However, according to the former Project Director, he tried unsuccessfully to organize a presentation to key worker organizations.

The Country Representative also noted that the Solidarity Center intends to collaborate with the project to fund a study in the textile sector. The purpose of the study would be to determine the kinds of inspections that workers request, the reasons for the inspections, the quality of the inspections and inspection reports including errors, and infraction act annulment rates. The unions would use the results of the studies to request SUNAFIL to address the quality of the inspections so more infraction acts result in fines.

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<sup>33</sup> Alfonso Grados is the current labor minister. He was an officer and a vice president of Backus and Vice President of Operations for Interbank ([https://es.wikipedia.org/wiki/Alfonso\\_Grados\\_Carraro](https://es.wikipedia.org/wiki/Alfonso_Grados_Carraro)). The deputy labor minister is Augusto Eguiguren who served as the Director of Human Resources at Marsa (Minera Aurifera Retamas) before joining MTPE (<http://gestion.pe/economia/augusto-eguiguren-pega-vuelta-al-viceministerio-trabajo-2167861>).

<sup>34</sup> The evaluators cannot confirm this claim. This is the opinion of the union representatives.

## **Employers**

*Rubio, Leguia, Normand.* The evaluators interviewed a partner of Rubio, Leguia, and Normand's labor law practice to ascertain the opinions and views of employers about SUNAFIL and the inspection system. When asked about SUNAFIL, he explained that 70 percent of enterprises operate in the informal sector and that these enterprises are at highest risk for labor and OSH violations. Instead of focusing on large employers with positive reputations, he said SUNAFIL should target the informal sector for inspections but does not because the government is afraid that these enterprises would collapse.<sup>35</sup> He explained that many large and reputable companies feel harassed by SUNAFIL and that inspectors often look for labor violations when they do not exist. He said that SUNAFIL inspectors need to be more objective and unbiased when conducting inspections. They could be biased, he opined, because many inspectors are affiliated with a union and thus feel solidarity with trade unions.

Another concern that employers have about SUNAFIL is the lack of clarity on the boundaries between administrative and judicial aspects of the inspection process. For example, when there is a disagreement between a worker and employer regarding a complex labor violation (i.e. profit sharing, vacation leave), the inspector intervenes and makes a decision. Many employers believe that when there is a disagreement, a judge should resolve the conflict rather than a labor inspector because inspectors are not qualified to analyze complex labor situations and make decisions. The judge should also be the authority to levy a fine and not SUNAFIL.<sup>36</sup>

### **3.3. Progress and Effectiveness**

This section examines the effectiveness of the project to determine whether it is achieving its stated objectives and outputs as reported in the PMP. It also reviews the effectiveness of the project's training program.

#### **3.3.1. Project Performance**

This section examines the effectiveness of the project to determine whether it is achieving its stated outputs. As noted in the discussion of the project's PMP, the project essentially operated the first two-and-a-half years without an operational PMP. While the project developed a revised PMP and data-tracking table in June 2017, the baseline values are incomplete. Therefore, to assess project performance, the evaluators analyzed the achievement of outputs by triangulating information from the technical progress reports (TPRs) and interviews with project staff and SUNAFIL officials. The results of the analysis are presented below in Table 8.

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<sup>35</sup> While SUNAFIL has a mandate to inspect employers in the informal sector, it rarely does because enterprises in the informal sector are not registered and information is not available.

<sup>36</sup> The SUNAFIL labor inspector makes a judgement as to whether there is a labor rights violation. If so, the inspector reports it in the inspection report/infraction act that is sent to SUNAFIL's sanctioning staff who fines the employer.

**Table 8: Progress in Achieving Outputs**

Objectives and Outputs	Progress
<b>SIO 1.1. The regional intendancies of Loreto and Ica have implemented and consolidated their institutional capacity</b>	
Output 1.1.1. List of public institutions identified and willing to team up with SUNAFIL's regional intendancies in Ica and Loreto	CHS Loreto conducted an assessment and mapping of public institutions that would be willing to host a zonal office where workers could file complaints and receive a limited set of SUNAFIL services. While the assessment findings have been discussed with the Loreto Intendant, she has not received the report. The potential collaborating institutions have not been formally approached. The assessment and mapping has not been conducted in Ica. The According to project staff, the former Ica Intendant was not interested in establishing zonal offices. The new Ica Intendant told the evaluators he is interested in establishing zonal offices and would like to proceed with the assessment and mapping. The evaluators question whether the Loreto and Ica Intendancies are really committed to establishing zonal offices since they would generate more worker complaints that would increase the workload of an already overburdened staffing structure in both regions.
Output 1.1.2. Improvement actions in the management of the regional intendancies of Ica and Loreto	The improvement actions are essentially the process of reviewing and approving the backlog of inspection reports/files, scanning them (digitalization), and entering them into SIIT. The project agreed to provide scanners to the Loreto and Ica Intendancies and pay a lawyer to review and close/refer to sanctioning staff the inspection reports and pay a person to scan and enter the reports into SIIT. At the time of the evaluation, the intendancies had just received the scanners and were in the process of hiring the lawyers and scanning personnel. The backlog of inspection reports in Loreto (1,800) and Ica (1,400) can be largely attributed to the lack of supervisors to close the files and staff to enter the information into SIIT. Since the number of staff has not increased in Loreto and Ica, the evaluators are concerned that the number of unclosed and unprocessed inspection reports/files will gradually increase, causing another significant backlog situation.
<b>SIO 1.2. SIIT has been redesigned to accommodate the technical requirements of the present labor inspection system's requirements of a centralized inspection system</b>	
Output 1.2.1. Diagnosis SIIT elaborated	INII conducted an assessment to identify ways to improve SIIT and produced a report. The assessment included meetings with inspectors, supervisors, and technical staff who provided recommendations for making the improvements. The assessment identified 12 groupings and 31 specific improvements. <sup>37</sup> The only support the project provided to INII was funds to conduct a one-day workshop to validate the results of the assessment.
Output 1.2.2. SIIT redesigned to incorporate new data	At the time of the evaluation, INII reported that 30 of the 31 improvements had been made. Inspectors who were interviewed and familiar with the improvements believe they are important and will help improve the effectiveness and efficiency of inspections. They also told the evaluators that more improvements are necessary and that inspectors require training on the improved SIIT and how to use it to increase the quality of inspections. As discussed in the stakeholder section, the Superintendent believes SUNAFIL should invest in a new information system rather than in SIIT, which she believes is obsolete. The OGTIC Director believes SIIT has a variety of software and hardware weaknesses that limit its effectiveness. Nevertheless, based on a variety of interviews with SUNAFIL managers and inspectors, the redesign of SIIT

<sup>37</sup> The groupings represent broader categories that the specific improvements are organized under. The groupings include areas such as digitalization, electronic expense report form for inspectors, client support records, generation of job termination records, and publication of on-line inspection reports and infraction acts.

Objectives and Outputs	Progress
	<p>is one of the most important contributions the project has made to help increase inspection effectiveness and efficiency.</p> <p>The project recently started to collaborate with MTPE/DNPIT to ensure it can access data from SIIT that it needs to establish inspection policy and plans. The project should either add an output that specifically describes the collaboration with DNPIT and how it is related to the SIO 1.2 or provide a detailed description under Output 1.2.2.</p>
<p><b>SIO 1.3. The labor inspection system uses new management tools and more efficient and useful access to information</b></p>	
<p>Output 1.3.1. A new labor inspector workload distribution method</p>	<p>The inspector workload distribution methodology has struggled. External consultants hired to develop the methodology discovered that they did not have data for a logarithm, which is key to the methodology. The missing data involved the amount of time it takes to conduct an inspection for various kinds and sizes of enterprises. The project commissioned a time and motion study that was near completion at the time of the evaluation. Theoretically, once the time and motion study is complete, the consultant will complete the methodology.</p> <p>On one hand, the methodology could be an important tool to establishing policy on the amount of time an inspection should take by kind and size of enterprise and help SUNAFIL determine, based on data, the number of inspectors it requires. On the other hand, the methodology is not as important to improving inspection effectiveness and efficiency as some of the other project interventions, including the redesign of SIIT, strategic/planned inspections, protocols, and some of the training for inspectors.</p>
<p>Output 1.3.2. The National Articulation Information System (SIAN)</p>	<p>The project paid for a study that identified a range of government agencies that have databases that would be beneficial to SUNAFIL. The study identified about 55 agencies. SUNAFIL has signed agreements with 14. The problem, according to INII, is that SUNAFIL does not have the software and hardware capability to access and manage/consolidate data from other government agencies. As noted in the stakeholder section, INII currently makes a request for specific information from the collaborating agencies that then send it to INII. The evaluators believe that SIAN is potentially a powerful solution to provide information to increase inspection effectiveness and efficiency including helping inspectors target and conduct more strategic inspections. Unfortunately, SUNAFIL does not have the financial resources to acquire the necessary software and hardware, which leads the evaluators to question whether the project should have invested resources in the study. The evaluators also question whether hiring an external consultant to conduct the study was necessary when SUNAFIL inspectors and supervisors know the government agencies that have information that would be useful.</p>
<p><b>SIO 2.1. Inspectors trained as instructors of facilitators</b></p>	
<p>Output 2.1.1. SUNAFIL's module virtual platform</p>	<p>The virtual classroom platform has been developed and is being used to deliver a variety of courses. The evaluators interviewed several inspectors who had taken on-line courses. They believe the courses are well designed and valuable. The primary challenges, according to SUNAFIL officials, is the limited number of on-line courses that SUNAFIL can currently offer and qualified instructors to deliver the course. They also noted that the platform, which is version 2.8, should be upgraded to version 3.3 that would allow students to use mobile devices such as smart phones and tablets.</p>
<p>Output 2.1.2. Training of trainers courses</p>	<p>The project helped arrange and paid for a training of trainers (TOT) course that was offered by ESAN University. Sixty inspectors received the course. The purpose of the TOT course was to establish a cadre of inspectors with didactic skills to train inspectors especially using the virtual classroom platform. The TOT course is discussed in the following section on training effectiveness.</p>

Objectives and Outputs	Progress
<b>SIO 2.2. Continuing training program for labor inspector and sanctioning staff</b>	
Output 2.2.1. Training courses for inspectors and sanctioning staff	<p>The project helped arrange and paid for several training courses. An administration and organization course was offered by ESAN University for 33 supervisors. A labor law course was offered by PUCP for 90 assistant inspectors. The project also arranged and paid for a course on inspection and sanctioning processes for 30 inspectors in June 2017. The same course is programmed for August 2017 for another 30 inspectors. At the time of the evaluation, a course on legal argument and drafting was being offered for 30 inspectors. This course will be repeated for another 30 inspectors in September 2017. Other courses the project intends to help arrange and pay for include workers contracts in the agriculture and non-traditional export sectors, subcontracting, and labor rights. The continuing training program is discussed in more detail in the following section on training effectiveness.</p>
<b>SIO 2.3. Government entities and social partners sensitized about the labor inspection, and willing to coordinate with SUNAFIL</b>	
Output 2.3.1. Audio visual and printed material for outreach programs to sensitize the public on the importance of labor inspection	<p>The project funded the production of video, audio, and printed materials for the SUNAFIL website, radio spots, and trainings with workers and employers. Approximately 2,000 copies of educational materials have been distributed primarily to workers and employers. The project also supported training events and a seminar. It should be noted that the project has decided to discontinue support to INPA for worker and employer training because it is not directly related to IO 2 (increase the capacity of the team of inspectors and sanctioning staff to conduct more effectively the labor inspection process). The evaluators agree with this decision.</p>
<b>SIO 3.1. Improvement of the knowledge of the regional intendancies about the problematic of certain economic sectors within their territories of influence</b>	
Output 3.1.1. Diagnostics and/or baseline document delivered to SUNAFIL's regional intendancies of Loreto and Ica	<p>The project contracted two consultants who conducted a study of the palm oil sector in Loreto (Yurimaguas) and the agro-industrial sector in Ica.<sup>38</sup> The project chose the agro-industrial sector because it is one of the project's priority sectors under IO 3 where employers often use illegal or abusive short-term contracts.<sup>39</sup></p> <p>The purpose of the studies is to better understand labor rights violations among workers so SUNAFIL can carry out more strategic inspections. The studies are largely worker perception studies based on interviews with samples of workers. The study in Loreto included a sample of workers from only one company (Palmas de Shanusi), given the large size of the company (e.g. approximately 3,000 workers).</p> <p>It should also be noted that, according to the project design, information in the studies should have been used to plan and conduct the inspections in Loreto and Ica (Output 3.3.1). The Loreto study was actually conducted after the planned inspections. Although the Ica study was completed before the planned inspection, the evaluation team understood it was not used to plan the inspection. The evaluation team questions the usefulness of the sector studies if they were not used to plan and conduct the inspections.</p> <p>Both studies provide valuable information on workers in the sample, abusive business practices, workers' perceptions of violations to their labor rights and their level of</p>

<sup>38</sup> The consulting team consisted of two members of PUCP's law faculty. The consultants were contracted as individuals.

<sup>39</sup> The project's IO 3 states: Improve SUNAFIL's capacity to identify the illegal use or abuse of practices such as subcontracting/outsourcing and fixed term contracts. This objective focuses on the non-traditional export sectors and in selected geographical regions.

Objectives and Outputs	Progress
	<p>knowledge about them, and reasons for why they do not file complaints. The studies also reflect the vulnerability of the workers, weakness of trade unions in these sectors, and the State’s lack of capacity to monitor compliance with labor rights. The studies also emphasize the need to conduct planned inspections instead of inspections that respond to worker complaints.</p> <p>The objectives of the studies seem limited, which restrict their usefulness for designing inspection strategies. For example, they do not include a mapping of companies or related economic groups, company structures, locations, logistical/access challenges, number of workers, history of worker complaints, and previous inspection results based on official records and not on perceptions. They also do not include information about trade unions and any collective bargaining agreements in the two sectors. Furthermore, the evaluators are concerned that the studies are highly critical of SUNAFIL. These criticisms would not help SUNAFIL plan inspections and, more importantly, could contribute to its disinterest in the studies. For example, the project handed-over copies of the studies to SUNAFIL/INSSI on March 28, 2017, but they have not yet been shared with the Loreto and Ica Intendants, based on interviews.</p>
<p><b>SIO 3.2. New criteria and protocols for inspection-related actions to enhance the efficacy of labor inspection in prioritized subject matters</b></p>	
<p>Output 3.2.1. Studies with recommendations to standardize and improve the inspective action</p>	<p>At the time of the evaluation, a study was underway to identify the reasons for an unusually high number of infraction acts that are dismissed by the sanctioning staff. The study should allow SUNAFIL to better understand the problem and take appropriate remedial measures. Since the study was not complete, the evaluators could not comment on the study findings and their usefulness.</p>
<p>Output 3.2.2. Protocols and forms designed and/or re-designed and delivered to SUNAFIL</p>	<p>The project supports the development of four inspection protocols: (1) a directive on the general rules for inspections; (2) inspection guidelines for short-term contracts; general rules for contracts used in non-traditional export sectors; and (4) freedom of association. The purpose of the protocols is to provide clear guidance to inspectors on these topics during the inspection process. At the time of the evaluation, the directive on general rules for inspection and guidelines for short-term contracts were completed and approved by SUNAFIL. The general rules for contracts used in non-traditional export sectors protocol was pending approval, while the freedom of association protocol was still in the study phase.</p> <p>In reviewing the protocols, the evaluators observed that the first three protocols were largely copied from existing legislation.<sup>40</sup> This would help explain why several labor inspectors told the evaluators that the protocols are essentially “cut and paste” from existing laws and norms, and the Lima Intendant is concerned about the actual usefulness of the protocols. According to project staff, the idea was to develop practical guidelines with tips that inspectors could use to guide them through complex inspection situations. However, SUNAFIL decided that the protocols should strictly reflect labor laws and norms.</p> <p>PLADES developed a protocol for freedom of association under a different project that was never approved by MTPE. The evaluators believe that this is an excellent protocol that should serve as the model for the current freedom of association protocol. The evaluators also believe that the usefulness of all protocols would be increased if inspectors received training in their content and application to the inspection process. This is discussed in greater detail as a recommendation.</p>

<sup>40</sup> General Law of Labor Inspection (No. 28806), Decree Law No. 728 (Title 3) on short-term contracts, and Decree Law No. 22342 on contracts used in the non-traditional export sectors.

Objectives and Outputs	Progress
<b>SIO 3.3. Enhanced labor inspection planning and strategies in prioritized areas in Ica and Loreto</b>	
Output 3.3.1. Inspection operations in sectors and themes prioritized by the project	<p>The project provided support for planned inspections of a palm oil company and construction company in Loreto and three agro-industry companies in Ica. The inspection of the construction company was not originally planned. According to the Project Director, there was a strike by petroleum workers during the second day of the inspection of the palm oil company. Protesters blocked the road that led to the palm oil company. The inspectors had to stay in Yurimaguas and took advantage to conduct the inspection of the construction company.</p> <p>According to the Ica Intendant, the planned inspections helped identify approximately 90 workers in two factories who were not on the companies' payrolls. The Loreto Intendant, on the other hand, believes the planned inspections should have been used to build the capacity of her staff to plan and conduct strategic inspections and process the experience to learn lessons to be applied to future planned inspections.</p> <p>It should be noted that the sector studies (Output 3.1.1) were not used to plan and conduct the planned inspections. According to the Project Director, the sector studies were intended to help Ica and Loreto develop regional strategies and not to plan and conduct the planned inspections. The evaluators, however, believe the project missed an opportunity to use the sector studies to conduct more effective planned inspections.</p>

### 3.3.2. Training Effectiveness

The project has a significant training component, IO 2, aimed at building the capacity of labor inspectors to conduct more effective and efficient inspections that accounts for 55 percent of the total budget. The project helped arrange and pay for the TOT course under SIO 2.1 as well as the administration and organization and labor law courses under SIO 2.2. Table 9 shows the training course, kind and number of participants, dates, provider, and length of the course.

**Table 9: Training Courses Conducted 2015-2016**

Course Name	Participants	Number	Dates	Provider	Length
Training of Trainers	Inspectors and Assistant Inspectors	60 (2 groups of 30) 24 Female 36 Male	Jun 2015 Sep 2015	ESAN	24 hours
Administration and Organization	Supervisors and Managers	33 17 Female 16 Male	Sep 2015	ESAN	24 hours
Labor Law	Assistant Inspectors	90 (2 groups of 45) 32 Female 58 Male	Jul 2016 Nov 2016	PUCP	102 hours

ESAN University offered the TOT course in two parts. Thirty inspectors and assistant inspectors participated in the first TOT course in June 2015. Another thirty inspectors and assistant inspectors participated in the second TOT course in September 2015.<sup>41</sup> Twenty-four percent of the participants were female (24). Overall, the participant satisfaction rate for the training was 80

<sup>41</sup> It should be noted that of the 60 participants, 4 administrative and 1 sanctioning staff participated.

percent. The major criticism was that participants felt the course was too short. This is consistent with the view expressed by four of the participants who told the evaluators that they did not feel prepared to design and deliver courses to other inspectors. The average grade was 16 out of a possible maximum grade of 20. The lowest grade was 11 while 18 was the highest grade.<sup>42</sup> The evaluators were unable to determine actual improvement in performance since the course did not include a pre-test.

The SUNAFIL training center manager told the evaluators that about 35 of the inspectors have been involved in training. The evaluators noted that while reviewing the training database, 30 of these 35 inspectors collaborated with INPA to train workers and employers on labor law. Only five inspectors served as a course instructor for inspector training offered by the SUNAFIL training center. Four inspectors who participated in the TOT course told evaluators that they did not feel prepared to design and deliver training. These inspectors acknowledged that inspectors have been collaborating with INPA to train workers and employers but the objective of the TOT course, they noted, was to prepare inspectors to train other inspectors and not to train workers and employers.

ESAN University also offered the administration and organization course in September 2015 for 33 SUNAFIL supervisors and managers. Seventeen, or 52 percent, of the participants were female. The participant satisfaction rate was slightly more than 80 percent. The major complaint registered in the post-course evaluation was that the length of the course was too short. The average grade was 16.5 out of possible maximum grade of 20. The lowest grade was 12 while 14 was the highest grade obtained. Like the TOT training course, the evaluators were unable to determine actual improvement in performance since the course did not include a pre-test. The evaluators were unable to interview a group of supervisors who participated in the course. They did, however, interview the former Superintendent and the Lima Intendant who told the evaluators that the course helped the supervisors work more effectively in teams and improved their leadership skills. However, approximately 16 of the 33 course participants have left SUNAFIL.

PUCP offered the labor law course for assistant inspectors in two parts. Forty-five assistant inspectors attended the course offered in July 2016 while another 45 attended the course that was offered in November 2016. Thirty-six percent of the participants were female. The average grade was 16.5 out of a maximum possible grade of 20. The lowest grade was 12 while the highest grade was 19. As with the other courses, the evaluators were unable to determine improvement in performance because the course did not include a pre-test. The PUCP final course report did not include information on participants' satisfaction. However, interviews with five assistant inspectors who attended the course suggested that they were satisfied and found the course relevant to their work. The major complaints expressed to the evaluators were that mixing lawyers with non-lawyers forced professors to spend more time on legal issues that some of the lawyers found boring and that key professors sent assistants to teach courses in three cases that caused some disappointment among participants. The interviewees also recommended that future

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<sup>42</sup> These scores have been rounded.

courses use more of a workshop format with real situations or cases that inspectors face while conducting inspections.

Table 10 shows a summary of the training courses that the project plans to offer in 2017 under SIO 2.2. The inspection and sanctioning procedures course was offered to 30 inspectors and sanctioning staff in May 2017. It will be offered to an additional 30 inspectors and sanctioning staff in August 2017. During the evaluation, the legal argument and drafting course was being offered to 30 inspectors and sanctioning staff. It will be offered again in September 2017 for another 30 inspectors and sanctioning staff. The project also plans to offer courses on worker contracts used in the agriculture and non-traditional export sectors, outsourcing contracts, and fundamental labor rights in August, October, and November, respectively.

**Table 10: Training Courses Planned for 2017**

Course Name	Participants	Number	Dates	Length
Inspection and Sanctioning Procedures	Inspectors and Sanctioning Staff	60 (2 groups of 30)	May 2017 Aug 2017	30 hours
Legal Writing and Argument	Inspectors and Sanctioning Staff	60 (2 groups of 30)	Jun 2017 Sep 2017	36 hours
Agriculture and Non-Traditional Export Sectors Contracts	Inspectors and Sanctioning Staff	25	Aug 2017	40 hours
Outsourcing	Inspectors and Sanctioning Staff	25	Oct 2017	40 hours
Fundamental Labor Rights	Inspectors and Sanctioning Staff	25	Nov 2017	40 hours

It should be noted that the courses offered or that will be offered in 2017 differ from the courses offered in 2015 and 2016 in three ways. First, the project has decided to contract topic-specific specialists to deliver the courses rather than to contract universities.<sup>43</sup> Contracting specialists is more cost effective. Second, the courses will be comprised of inspectors as well as significant numbers of sanctioning staff to ensure both have the same information and to promote a mutual understanding of each other's work. Third, the courses will be offered as a package that SUNAFIL can replicate using the virtual classroom platform.

One major challenge for SUNAFIL and the project, however, is identifying qualified instructors who can deliver the courses since SUNAFIL has limited funds to contract outside specialists. One possible solution is to identify the most qualified inspectors that received the TOT course and provide additional training so they are able to replicate the courses. Another major challenge is measuring the impact the investment in training is making on the quality of the inspections. The evaluators believe it would benefit SUNAFIL and the project if the project would work with SUNAFIL to design and carry out an impact evaluation of training towards the end of the project. Measuring training impact is addressed in more detail as a recommendation.

<sup>43</sup> According to the former Project Director, the previous administration preferred that prestigious universities provide training to SUNAFIL. The new administration, on the other hand, prefers to contract specialists to provide training.

### 3.4. Efficiency and Resource Use

To assess the efficiency of the project, the evaluators examined the allocation of resources to major budget line items as well as to the project's objectives and outputs. They also conducted an expenditure rate analysis to assess spending efficiencies. These analyses are discussed in the following sections.

#### 3.4.1. Allocation of Resources

Table 11 shows the allocation of resources to major line items in the budget. Nearly 60 percent of the project budget is allocated to staff salaries and benefits for the CHS CEO (20 percent), PLADES CEO (40 percent), Project Director (100 percent), Education Specialist (100 percent), Labor Specialist (100 percent), Iquitos Coordinator (70 percent), CHS Administrator (70 percent), and the PLADES Accountant (50 percent). Sixty percent for staff salaries and benefits is relatively high compared to other USDOL funded projects the evaluation team has evaluated. Typically, staff salary and benefits account for 48 to 52 percent of the total budget. One possible explanation is the fact that the CHS and PLADES CEOs' salaries and benefits are charged to the budget.<sup>44</sup> Without these charges, the line item for salaries and benefits would decrease to 51 percent.

**Table 11: Allocation of Resources to Program and Program Support**

Line Item	Amount USD	Percent
Salaries and Fringe Benefits	1,187,616	59.38%
Corporate Travel	37,960	1.90%
Equipment	21,800	1.09%
Office Supplies	123,800	6.19%
Contract Activities	527,824	26.39%
Monitoring and Evaluation	93,000	4.65%
Contingency	\$8,000	0.40%
<b>Total</b>	<b>2,000,000</b>	<b>100%</b>

The next largest line item in the budget is contract activities that include the activities and other inputs required to produce key outputs under the three IOs. Contract activities account for about 26 percent of the budget, which is reasonable, considering the project uses a range of expert consultants to conduct studies and provide training. Office supplies and M&E activities account for another 10 percent of the budget. The remaining 4 percent is allocated to corporate travel, equipment, and contingency. It should be noted that in the project budget, the travel line item includes travel required to produce several key outputs. For purposes of this analysis, the evaluators considered travel associated with producing outputs as the total cost of the outputs. Therefore, the travel line item Table 11 only includes corporate travel such as airfare, lodging,

<sup>44</sup> As noted, 40% of the PLADES CEO and 20% of the CHS CEO is charged to the project budget.

and per diem to visit project sites and attend key events including the USDOL project orientation meeting.

Table 12 shows the allocation of resources to the objectives and outputs, which amounts to \$527,824. IO 2, which is largely focused on training and other capacity building efforts, accounts for nearly 55 percent of the budget. The line item for training inspectors and sanctioning staff amounts to \$192,040 or 36 percent while the TOT course accounts for 6 percent of the budget. Given the importance of building the capacity of inspectors to conduct more effective inspections, these amounts seem appropriate. IO 2 also includes an allocation of \$61,200 for educational materials primarily for INPA. While important, INPA's focus on training workers and employers is not directly related to this project's development objective. The evaluators also question the sustainability of these materials, which is addressed in the sustainability section of the findings.

**Table 12: Allocation of Resources to Objectives and Outputs**

Objectives and Outputs	Budget USD	Percent
<b>IO 1. Strengthen SUNAFIL's institutional capacity</b>	<b>125,419</b>	<b>23.76%</b>
Mapping study and zonal offices in Loreto and Ica	20,223	3.83%
Digitalization and entry of inspection reports into SITT in Loreto and Ica <sup>45</sup>	NA	NA
SIIT study to facilitate redesign	1,500	0.28%
SIIT redesign	64,600	12.24%
Labor inspector workload distribution methodology	21,100	4.00%
SIAN	17,996	3.41%
<b>IO 2. Enhance the capacity of inspectors to conduct more effective inspections</b>	<b>286,280</b>	<b>54.24%</b>
Virtual classroom platform	2,400	0.45%
Train-of-trainers course	30,640	5.80%
Training courses for inspectors and sanctioning staff	192,040	36.38%
Audio visual and printed material for outreach programs	61,200	11.59%
<b>IO 3. To improve labor inspection in targeted areas</b>	<b>116,125</b>	<b>22.00%</b>
Sector studies for Loreto and Ica	42,555	8.06%
Annulation study	13,500	2.56%
Protocols	20,000	3.79%
Planned inspections in Loreto and Ica	40,070	7.59%
<b>TOTAL</b>	<b>527,824</b>	<b>100%</b>

IOs 1 and 3 account for 24 percent and 22 percent of the budget, respectively. Nearly half of IO 1 resources are for the redesign of SIIT, which is appropriate given the importance of the information system to the inspection process. The rest of the resources under IO 1 are allocated relatively evenly to the mapping and zonal offices in Loreto and Ica, labor inspection distribution

<sup>45</sup> The current budget does not have a line item for digitalization (Output 1.1.2).

methodology, and SIAN. Given what the evaluators perceive as SUNAFIL’s lack of interest in the zonal offices in Loreto and Ica and the lack of resources to develop an appropriate SIAN platform, the project might consider reallocating these resources to initiatives that are more sustainable.

Resources under IO 3 are allocated to sector studies, the infraction act annulment study, protocols, and the planned inspections in Loreto and Ica. More than a third of IO 3’s resources are allocated to the sector studies in Loreto and Ica, which seems high given the fact the studies have not been used. Another third of IO 3 resources are allocated to the planned inspections. Given the importance of strategic inspections to SUNAFIL, this amount is appropriate.

### 3.4.2. Expenditure Analysis

The expenditure or distribution rates for the general budget line items are presented in Table 13. According to the Cooperative Agreement (CA), the effective dates of the project are December 31, 2014, to December 30, 2018, or 48 months. As of March 31, 2017, the project had spent 48 percent of its total budget over a 27-month period or about 56 percent of the project’s life. The project is underspent by about 8 percent. Spending for salaries and benefits line item is 52 percent, which is underspent by 4 percent. The contract activities line item is slightly underspent by 8 percent. IOs 1, 2, and 3 are underspent by 13 percent, 4 percent, and 14 percent, respectively. Corporate travel, office supplies, and M&E line items are underspent by 40 percent, 14 percent, and 43 percent, respectively. As of March 31, 2017 no charges had been made against the contingency line item.

**Table 13: Project Budget and Expenditures**

Line Item	Amount Budgeted	Amount Spent	Percent Spent
Salaries and Fringe Befits	1,187,616	619,804	52%
Corporate Travel	37,960	6,213	16%
Equipment	21,800	12,283	56%
Office Supplies	123,800	51,837	42%
Contract Activities	527,824	250,803	48%
Immediate Objective 1	125,419	53,708	43%
Immediate Objective 2	286,280	147,913	52%
Immediate Objective 3	116,125	49,182	42%
Monitoring and Evaluation	93,000	12,017	13%
Contingency	\$8,000	0	0%
<b>Total</b>	<b>2,000,000</b>	<b>952,959</b>	<b>48%</b>

As noted above, the project budget is underspent by about 8 percent. To spend the entire grant amount of \$2 million, the project would have to increase the average monthly expenditure rate from \$35,295 to \$49,859 or nearly 40 percent.

### 3.5. Project Management Arrangements

The following section is organized according to the project’s management structure and internal and external communications. The management structure sub-section examines project and project support staffing, roles and responsibilities, and allocation of effort. The internal and external communication sub-section discusses communication and coordination with key stakeholders.

#### 3.5.1. Project Management Structure and Adequacy

The project management structure is unique and deserves an explanation. According to PLADES, it designed the project and developed a proposal in response to the USDOL solicitation. However, a day before PLADES intended to submit the proposal it realized that the organization was not registered in the US Government’s System for Award Management (SAM), which is a requirement to receive a contract or grant from the US Government. Since PLADES did not have enough time to register with SAM, it approached CHS to determine whether CHS would be willing to submit the proposal since it was registered in SAM and implementing several projects with USAID and US State Department funding. CHS agreed to submit the proposal under its name and SAM registration. In return, PLADES agreed to transfer the preparation of financial reports and the M&E functions to CHS with approximately 25 percent of the grant resources. The relationship between PLADES and CHS is discussed in more detail below under internal communications and coordination.

The other management issue that requires an explanation is the change in Project Directors. The former Project Director, who had been with the project since its inception, resigned in February 2017 due to personal reasons.<sup>46</sup> The PLADES CEO assumed the position of Project Director. The former Project Director has agreed to remain with the project as an advisor. He is largely responsible for monitoring SUNAFIL and other labor related news in Peru and sending updates to USDOL. He also is responsible for helping the new Project Director prepare TPRs and other reports since he is familiar with the project and fluent in English.

Table 14 describes the project team staffing positions including the roles and responsibilities. The description is organized according to PLADES and CHS staff.

**Table 14: Project Staffing Position and Responsibility**

Position	Responsibilities
<b>PLADES Staff</b>	
Project Director	The PLADES CEO has assumed the position of Project Director. She is responsible for supervising the project staff and provides strategic direction, and is responsible for institutional relationships with project partners, stakeholders and consultants. She also works closely with the Labor Administration Specialist to oversee IOs 1 and 3. 100 percent of the Project Director’s costs are allocated to the project.

<sup>46</sup> The Project Director resigned in January 2017 but remained as Project Director until the end of February 2017.

<b>Position</b>	<b>Responsibilities</b>
Project Advisor	The Project Advisor is the former Project Director. He dedicates eight to ten days per month to keep USDOL informed on SUNAFIL news and helps the Project Director prepare TPRs since he is fluent in English.
Relationship Manager	The PLADES CEO previously managed relations with CHS and other key external stakeholders. Since the PLADES CEO assumed the Project Director position, a PLADES board member has been appointed to manage the relationships with CHS and other stakeholders. 40 percent of the Relationship Manager's costs are charged to the project.
Education Specialist	The Education Specialist is responsible for IO 2 and its training and other capacity building outputs. 100 percent of the Education Specialist's costs are allocated to the project.
Labor Administration Specialist	The Labor Administration Specialist is a lawyer with significant labor and union experience. She, together with the Project Director, is responsible for IO 1 and IO 3 and its outputs. 100 percent of the Labor Administration Specialist costs are allocated to the project.
Accountant	The PLADES accountant performs basic accounting tasks and prepares financial reports on project spending for CHS. Also participates in internal and external audits. 50 percent of the accountant's costs are allocated to the project.
<b>CHS Staff</b>	
Project Coordinator <sup>47</sup>	The Deputy Director for CHS serves as the primary point of contact and interface with the project. He is responsible for coordinating activities with the project and overseeing the activities that CHS implements. 20 percent of his costs are allocated to the project.
Administrator	The CHS Administrator is responsible for overseeing the preparation of financial reports for the project. 70 percent of the Administrator's costs are allocated to the project.
Iquitos Coordinator	The Iquitos Coordinator is responsible for coordinating a range of activities for projects that CHS is implementing in Loreto (mostly child trafficking) projects funded by the US State Department and USAID) including PLIP. 70 percent of the Iquitos Coordinator's costs are allocated to PLIP.
M&E Consultant	CHS is responsible for the monitoring and evaluation function in the project. CHS contracted a consultant to develop the initial PMP and has recently re-contracted the same person to revise the PMP. The M&E consultant is contracted based on deliverables.

The project management structure, which consists of three full time positions and seven part time positions seems “staff heavy” compared to other USDOL funded projects that the evaluators have evaluated.<sup>48</sup> These other projects, typically, include the director, core technical staff (one to two persons), and M&E officer, and the accountant. This might help explain why 60 percent of the overall project budget is allocated to salaries and benefits, which is slightly high, as discussed

<sup>47</sup> In the original budget, the CHS CEO was budgeted at 20 percent to oversee and coordinate project activities. In 2016, the CHS CEO took a leave of absence from CHS so he could accept a vice minister position with the new government. In his absence, the CHS Deputy Director assumed the role of overseeing and coordinating project activities for CHS.

<sup>48</sup> These include labor and child labor projects in Peru, Central America, Haiti, Uganda, Bangladesh, Indonesia, and the Philippines.

above in the efficiency section. Nevertheless, the management structure is technically sound given the focus on training and issues involving labor law.

### **3.5.2. Internal and External Communication and Support**

#### **Internal**

Internal communication and coordination includes interactions between project staff as well as the relationship between PLADES and CHS. Overall, PLADES project staff are satisfied with the level of communication and coordination within the project. The communication and coordination between PLADES and CHS has been more problematic. The CHS Deputy Director told the evaluators that communication and coordination has not been as effective as it could be for several reasons. One reason is the management structure. He believes the Project Director should report to both CHS and PLADES. He also noted a lack of formal meetings between CHS and PLADES to review project progress and other issues. He added that while CHS is responsible for preparing the financial reports, it does not have the opportunity to review and comment on the technical aspects of the TPRs that are sent to USDOL even though CHS signed the CA with USDOL. The CHS Deputy Director emphasized that his organization would like to have more presence in the project so CHS competencies could be more effectively leveraged.

#### **External**

The project has two important external stakeholders that include SUNAFIL and USDOL. The SUNAFIL management team recently changed. Most have only three to four months in their positions. As noted in the stakeholder section, SUNAFIL is generally satisfied with the level of communication and coordination. While the Superintendent and her staff do not believe a project steering committee is necessary, they would like to ensure that SUNAFIL managers involved in the project and PLIP meet regularly on a formal basis to discuss progress, challenges, and solutions.

The INSSI Intendant feels strongly that the communication and coordination between SUNAFIL and PLIP should be formalized and adheres to a protocol such as sending formal written requests and other information to the Superintendent who would, in turn, send the written request to the appropriate SUNAFIL manager. She also supported the idea of regular and formal meetings between SUNAFIL and the project team with predetermined agendas, dates, and times.

PLIP interacts primarily with OTLA's Grant Officer Representative (GOR) responsible for overseeing the project. The GOR is satisfied with the level of communication and information he receives from the project. The Project Director is also satisfied with the relationship. She commented that the current GOR appears to be technically well grounded and provides constructive feedback on the TPRs that are welcome. However, the Project Director expressed concern because USDOL had not provided formal written approval of the project document,

budget, and PMP, although this documentation was accepted, acknowledged and provisionally approved with a translation requested.<sup>49, 50</sup>

### 3.6. Sustainability

#### MPG Sustainability Requirements

The 2014-MPG states “*Grantees must submit to the GOR a sustainability plan within 12 months of award. Grantees’ strategies should explain how sustainability will be achieved by the end of the project according to the project’s specific objectives. Grantees will report on the progress of the sustainability plan in each of their TPRs.*” The project has not yet developed and submitted a sustainability plan as required in the MPG. The evaluators understand that the project is in the process of developing a sustainability plan that it intends to submit along with the next TPR.

#### Sustainability Priorities

The evaluation team conducted an analysis of project outputs to determine those that appear to have the most likelihood of being sustained once the project ends. The analysis is based primarily on two factors: SUNAFIL’s willingness and ability to sustain the outputs. The willingness factor is based on SUNAFIL’s political willingness and interest while ability is based on resources that SUNAFIL will likely have available to invest in the output. To facilitate the analysis, the evaluators developed the following four categories.

- **High Likelihood:** Strong willingness to sustain and resources in place to ensure sustainability.
- **Medium High Likelihood:** Strong willingness to sustain and resources identified but not yet committed to ensure sustainability.
- **Medium Low Likelihood:** Uncertain willingness to sustain and resources not identified.
- **Lower Likelihood:** Weak willingness to sustain and resources not identified.

Figure 1 shows the results of the analysis. Based on interviews with SUNAFIL and project staff, the evaluators organized the outputs according to the four categories described above. The evaluators believe the outputs mostly likely to be sustained include the redesigned SIIT, virtual classroom, and the results of the infraction act annulment study. SIIT is SUNAFIL’s primary inspection information system. There appears to be a high level of political will and resources to sustain SIIT until SUNFIL can find substantial resources to replace it with a more modern system. The virtual classroom is operational and has received positive comments from users. SUNAFIL understands that, given budgetary limitations, the virtual classroom is a cost-effective

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<sup>49</sup> The former GOR reviewed the project document and budget and sent comments to the Project Director in July 2015. In August 2015, the GOR sent an email to the Project Director acknowledging receipt of the revised project document and stating that “from the first run over it looks like a winner to me”. According to the GOR, he understood that this comment meant that the project document and budget was approved.

<sup>50</sup> According to the former GOR, the PMP was not approved because it was submitted in Spanish instead of English, which is a clear requirement as stated in the MPG.

tool to provide training to inspectors and sanctioning staff. The evaluators also believe SUNAFIL is highly committed to discovering why so many infraction acts are dismissed and addressing the reasons.

**Figure 1: Likelihood of Sustainability Map**

<p><b>MEDIUM HIGH</b></p> <ul style="list-style-type: none"> <li>• Inspector and Sanctioning Staff Training</li> <li>• Inspector Workload Distribution Method</li> <li>• Protocols</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>• SIIT Redesign</li> <li>• Virtual Classroom</li> <li>• Annulation Study and Results</li> </ul>
<p><b>LOW</b></p> <ul style="list-style-type: none"> <li>• Education Materials</li> <li>• Future University Courses</li> <li>• Future Sector Studies</li> <li>• TOT Courses</li> <li>• Closing Backlogged Cases<sup>51</sup></li> </ul>	<p><b>MEDIUM LOW</b></p> <ul style="list-style-type: none"> <li>• SIAN</li> <li>• Zonal Offices</li> <li>• Planned Inspections</li> </ul>

The evaluators believe that the continuing education courses, inspector workload distribution methodology, and protocols have a medium-high chance of being sustained. SUNAFIL appears to be committed to offering the continuing education courses developed by the project on the virtual classroom platform. This seems feasible as long as SUNAFIL can access internal instructors such as qualified and interested inspectors that received the TOT. The chances of sustainability would decrease significantly if SUNAFIL would be required to hire external instructors. SUNAFIL also appears to be committed to completing and using the inspector workload distribution methodology as well as the protocols. The evaluators do not believe these outputs would require substantial resources to sustain. However, they do question their overall usefulness, as discussed in the project progress section, and whether this might influence their sustainability.

The evaluators believe that while SIAN, the zonal offices, and planned/strategic inspections are important outputs that, if sustained, would help improve the effectiveness and efficiency of inspections, their sustainability is medium-low, due to a combination of the lack of political will and resources. None of these outputs surfaced as high priority during interviews with SUNAFIL senior management. In addition, sustaining these outputs once the project ends would require resources that are not contemplated in the SUNAFIL budget. Along these same lines, the evaluators opine that the educational materials, future sector studies, future university courses, TOT courses, and closing backlog inspection files are not sustainable due to the resource requirements.

<sup>51</sup> Closing backlogged inspection cases in Loreto and Ica includes paying for lawyers to review and approve the inspection reports, the scanner, and personnel to scan files and enter data into SIIT.

The evaluation team would encourage the project to take the sustainability analysis into consideration when developing the sustainability plan. Since there are only about 17 months remaining in the life of PLIP, the project should begin to think about what outputs to sustain and how to sustain them. The project should not wait until the final months of the project to begin to implement sustainability strategies. The sustainability priorities analysis and map can help the project begin a constructive dialogue with SUNAFIL about sustainability. Sustainability is discussed in more detail as a recommendation.

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## IV. CONCLUSIONS

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The following conclusions represent what the evaluators have “concluded” from the analysis of the findings and are organized according to the six evaluation sections: project design and performance monitoring; relevance to the needs and expectations of stakeholders; progress and effectiveness; efficiency and use of resources; management arrangements; and sustainability.

### 4.1. Project Design and Performance Monitoring

- Overall, the project design meets the guidance in the MPG. The objectives and outputs follow a tight cause and effect logic. However, several of the objectives are not stated as changes in behaviors and do not align well with higher-level objectives. Other objectives and outputs would benefit from being rewritten in more precise terms.
- The project document includes a logical framework but does not have a results framework as required by the MPG. In June 2017, the project developed a results framework that it intends to submit to USDOL as part of the TPR submission. The results framework meets the guidance in the MPG.
- The design is ambitious given SUNAFIL’s institutional challenges that include an inadequate budget, insufficient number of inspectors, and high turnover rate of the Superintendent and Intendants. The ambitious nature of the design could ultimately affect achievement of the project’s objectives.
- The project has operated for nearly two and a half years without an operational PMP. Although a PMP was developed in Spanish in early 2015 and submitted to USDOL, it was not approved because it was submitted in Spanish instead of English as required by the MPG. The PMP has not been used to monitor and report on output and objective achievements in the TPRs.
- The project developed a revised PMP in June 2017 that meets the guidance in the MPG and intends to submit the revised PMP with the next TPR submission. The indicators are generally appropriate to measure achievements of objectives. However, several indicators require more exact definitions and others might be written more precisely to facilitate measurement.
- The project has not conducted a baseline survey to establish a baseline and targets, as stipulated in the MPG. The project’s data tracking table does not list baseline values and targets for some indicators while some reported achievements are inconsistent with what is reported in the TPRs (i.e. number of protocols developed).

### 4.2. Expectations and Needs of Key Stakeholders

- The project appears to be meeting the expectations and needs of SUNAFIL. SUNAFIL appreciates the financial support and is generally satisfied with the project and believes the interventions are appropriate to increase the effectiveness and efficiency of inspections.
- The Superintendent believes the project should invest in a new information system instead of upgrading the current system and would like the project to support SUNAFIL’s effort to

address the high degree of informal employment. It would appear that these requests are not within the mandate and budget of the project as currently designed.

- SUNAFIL believes that Loreto and Ica are appropriate pilot sites. The Loreto and Ica Intendants appreciate the support they received to close and enter the backlog of inspection reports into the information system and conduct planned inspections. While the intendants believe these were appropriate and much needed interventions, the evaluators question their sustainability and degree of importance in increasing inspection effectiveness and efficiency.
- The project did not initially plan to collaborate with MTPE because SUNAFIL wanted to establish its autonomy. Under the new administration, MTPE/DGPIT is responsible for developing labor norms and inspection policies and plans. To assist DGPIT fulfill its role, the project has decided to provide financial support to DGPIT to develop a set of indicators for the information system that it can track and use to develop inspection policy. DGPIT appreciates the support and believes it is highly appropriate.
- The worker organizations, who know very little about the project, would like to attain a deeper understanding of how the project is trying to strengthen SUNAFIL since they are key clients of SUNAFIL.<sup>52</sup> Worker organizations believe SUNAFIL is slow to respond to inspection requests and that some inspectors are biased towards employers. They also think SUNAFIL has a shortage of inspectors due to an inadequate budget.

### **4.3. Progress and Effectiveness**

- The project is generally on track to achieving its objectives and outputs. Several outputs, however, have been delayed such as the inspector workload distribution methodology and inspection protocols. This can be largely explained by frequent changes of SUNAFIL leadership and slow approvals of the outputs by SUNAFIL.
- The project has invested in two information systems: SIIT and SIAN. The project has supported the redesign of SIIT consisting of 31 specific improvements of which 30 have been made. The improvements are important to improving both effectiveness and efficiency of the inspections. While SIIT has software and hardware limitations, the redesign is important and should continue. On the other hand, while SIAN is potentially a powerful information concept, it would require substantial investment to create the platform and infrastructure that neither SUNAFIL nor the project has to invest.
- The project is providing financial support to Loreto and Ica to close a backlog of inspection reports, establish zonal offices, and conduct planned inspections.<sup>53</sup> It has purchased scanners and is paying personnel to review and approve the reports and scan documents and enter data into SIIT. While this support should reduce the backlog of reports and make more information available in SIIT, it is not clear to the evaluators whether the root cause of the

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<sup>52</sup> As noted earlier in the report, the former project director tried unsuccessfully to make a presentation about the project.

<sup>53</sup> To date, the project has only provided support to Loreto to conduct an assessment and mapping of potential institutions that might host a SUNAFIL zonal office. The support consisted of CHS staff assisting with the assessment and mapping exercise.

backlogs (lack of personnel) has been addressed and whether new backlogs will be created in the future.

- The project paid for a mapping exercise in Loreto to identify potential institutional offices where SUNAFIL might establish zonal offices to facilitate workers filing complaints. A similar study for Ica was planned but never executed due to a lack of interest of the former Intendant. The new Intendant appears interested in the mapping exercise. While extending services to remote areas to benefit workers is an important initiative, the evaluators are concerned that it would create new demands on already under-staffed regional offices in Loreto and Ica.
- Planned or strategic inspections are a very important initiative that could help SUNAFIL strategically target inspections to enterprises where workers are at high risk for labor rights violations and increase both efficiency and effectiveness of the inspections. The planned inspections the project has previously supported, which do not appear to have been conducted as part of a larger strategy, might have been conducted in a manner that built capacity of the regional offices to plan and conduct future strategic inspections (i.e. use of information, inspection strategies based on information, coaching by expert inspector, and post inspection processing).
- The project has supported a variety of training courses for SUNAFIL personnel including TOT, organization and administration, and labor rights. It also paid for the virtual classroom platform and production of educational materials. The project is in the process of providing or plans to provide additional courses for inspectors and sanctioning staff in 2017. The evaluators noted that there does not seem to be a long-term strategy for deciding what courses to provide and who should participate (i.e. based on a formal needs assessment).
- The project has paid for several studies including the inspector workload distribution methodology, infraction act annulment study, and sector studies in Loreto and Ica. The topics of these studies were chosen by the project and approved by SUNAFIL administration at the time the project started because they were considered important to improving the effectiveness and efficiency of the inspections. It also intends to collaborate with the Solidarity Center on a study of the textile sector. It is not clear whether SUNAFIL has specific plans on how to use the results of the studies, which is something the project might help SUNAFIL focus on and develop.
- The project has paid for the development of three protocols. The fourth protocol (freedom of association) is in the process of being developed. Detailed and practical guidelines on carrying out inspections along with decision-making criteria are important and would help ensure inspections are consistent. This is what the project had originally envisioned. However, for reasons unclear to the evaluators, SUNAFIL opted for more general protocols that, to a large extent, copy existing labor laws and norms. As written, the protocols will not be as helpful to inspectors as if they had been written as practical and specific guides. Training the inspectors in the use of the protocols would help increase their utility.

#### **4.4. Efficiency and Use of Resources**

- The allocation of funds to line items in the project budget appears to be adequate. The only line item that seems slightly high is staff salaries and benefits, which accounts for nearly 60 percent of the budget total. The allocation of funds to the project objectives appears adequate.
- At the end of March 2017, the project is underspent by about 8 percent. The project will need to accelerate spending slightly to expend all funds by December 2018 when the project is expected to end.

#### **4.5. Management Arrangements**

- The project has a unique management structure. CHS, who signed the grant with USDOL, is responsible for providing financial reports and project monitoring. PLADES, on the other hand, is responsible for implementing the project including placing the Project Director. Due to the management structure and other factors, the level of communication and coordination between CHS and PLADES has not been as effective as it could have been. CHS would like to define a role for itself where it can leverage its competencies to benefit the project.
- The project management structure includes three full time positions and seven part time positions that seems a bit “over staffed” compared to other USDOL funded labor projects. Nevertheless, the project is staffed with appropriate professionals (education and legal) to meet its objectives.
- The level of communication and coordination between the project and SUNAFIL is generally effective. SUNAFIL would like to formalize the level of communication that would include sending formal written requests to the Superintendent who would, in turn, circulate the request to the appropriate SUNAFIL manager to respond. It would also include establishing regular meetings with agendas. Sending formal, written letters to the Superintendent seems like an unnecessary bureaucratic step to the evaluators. Scheduling regular meetings, however, with an agenda seems like a good idea.
- The project has not received formal written approval of the project document, budget, and PMP, although it did receive provisional acceptance.

#### **4.6. Sustainability**

- The project has not yet developed and submitted a sustainability plan, as required by the MPG. The evaluators understand the sustainability plan is being developed and will be submitted with the next TPR.
- Several of the project’s outputs are more sustainable than others because SUNAFIL has the resources or willingness to continue to invest in these outputs. These include the redesigned SIIT, virtual classroom, training courses for inspectors and sanctioning staff, inspector workload distribution methodology, and protocols. Outputs that are less likely to be sustained include the educational materials, future training courses and studies that SUNAFIL would be required to sustain, zonal offices, and SIAN. While the planned or strategic inspections would be an important output to sustain, it does not appear that SUNAFIL has the financial resources to invest in them.

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## V. RECOMMENDATIONS

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### 5.1. Results Framework and PMP

The project should revise the results framework and PMP based on the comments provided in the project design section of this evaluation report. The logical framework, results framework, and PMP were revised in June 2017. The revisions represent an improvement in terms of these documents meeting the MPG guidelines. Based on the evaluators' analysis, further changes should be made to bring them in line with MPG guidelines. The evaluators provided in-depth comments on the project objectives and outputs as well as the PMP that the project should use to revise the results framework and PMP. The project should also ensure the data tracking table includes baseline values and targets and that the achievements are consistent with achievements reported in the TPRs. Finally, the project recently started to collaborate with MTPE/DNPIT to ensure it can access the information it requires from SIIT to establish national inspection policy and plans. The project should either add an output (Output 1.2.3) that describes the collaboration with DNPIT and its relationship to SIO 1.2 or specifically describe it under Output 1.2.2.

### 5.2. Sustainability Plan

The project should develop its sustainability plan using the analysis provided in the sustainability section of this report. At the time of the evaluation, the project was in the process of developing the sustainability plan and exit strategy according to the guidance in the MPG. The evaluators provided an analysis of the likelihood of SUNAFIL sustaining key outputs. The evaluators encourage project staff to review and adjust the analysis, if necessary, and use it to develop the sustainability plan. In doing so, the project should focus on the outputs that have the most direct relationship to improving the effectiveness and efficiency of inspections and the most likelihood of being sustained by SUNAFIL. The project should also produce the remaining outputs in ways that help ensure SUNAFIL's ownership and capacity to sustain them once the project ends. Given the short amount of time remaining in the project's life, it should stay focused on its core set of outputs and not commit to new outputs and activities, such as assisting SUNAFIL to address the issue of informal employment.

### 5.3. Project Document, Budget, PMP, and Sustainability Plan

USDOL should approve the project document including the results framework, budget, PMP, and sustainability plan. The project has not received formal written approval of key documents it submitted to USDOL. These include the initial and revised project document, results framework, budget, and PMP. Based on Recommendations 5.1, 5.2, and 5.3, the project should revise and submit the results framework, budget, PMP, and sustainability plan to USDOL. USDOL, in turn, should review these submissions, provide comments, and request changes if necessary. Once USDOL is satisfied with the documents, it should formally approve them in writing so the project has tangible evidence of approvals for its records and a potential audit.

## **5.4. Project Budget and Forecast**

USDOL should request the project to revise its budget based on the new results framework and sustainability plan and submit a budget forecast for the remaining 16 months of the project. The revised results framework (objectives and outputs) and sustainability plan will require realignment of funds in the project's budget to ensure the project has adequate resources to produce the remaining outputs and implement the sustainability plan. In addition, given the fact that the project is underspent by 8 percent, the project would benefit from conducting a forecasting exercise to project anticipated spending over the remaining 16 months of the project's life. Based on the results of the forecasting, USDOL should engage the project in a discussion of how funds will be expended and if a no-cost extension would be an option.

## **5.5. Inspection Information System**

The project should work with SUNAFIL to design a process to continue to make improvements to SIIT and train inspectors on the improvements. INII conducted an assessment of SIIT that included a process to consult inspectors to determine how to improve SIIT to make it more responsive to the inspectors. The assessment resulted in a list of 31 specific improvements. While these improvements have helped increase the effectiveness of SIIT, more improvements are necessary. The project and SUNAFIL should design and conduct another assessment to identify additional improvements and contract the appropriate consultants to work with SUNAFIL to make these improvements. In addition, the project and SUNAFIL should train the inspectors on the improvements and how to use information in SIIT to make decisions and improve the quality of the inspections.

## **5.6. Training Strategy**

The project should work with SUNAFIL to develop a long-term training strategy that is based on a training needs assessment. Currently, SUNAFIL does not use a rational and systematic approach to determine the kind of training it offers and who participates. The training strategy should be built on a comprehensive training needs assessment that assesses and compares current skills and knowledge to what inspectors would require to conduct effective inspections. The gaps in skills and knowledge should form the basis of the training strategy including the kinds of courses offered as well as the participants. For example, inspectors with a strong legal background might require more training in OSH issues while non-lawyers might require more training in labor laws and norms. The training strategy should also include the course delivery mechanism (virtual classroom, face-to-face, or combination) and instructors. While some highly specialized courses might require SUNAFIL to contract external experts, the evaluators believe SUNAFIL should leverage the inspectors who received the TOT course. This would involve choosing a core group of approximately 10-15 inspectors who have the skills and interest to serve as course instructors. Leveraging inspectors that participated in the TOT course is discussed in more detail under Recommendation 5.7.

## **5.7. Training Transition Plan**

The project should develop and implement a strategy to transition the training courses it supports to SUNAFIL. Currently, the project is supporting the training of inspectors and sanctioning staff by paying for external instructors, classroom rental, and transportation for participants. The courses are designed as packages so SUNAFIL can replicate them in the future. To build the capacity of SUNAFIL to sustain the training courses once the project ends; the project should develop and implement a plan to transfer the responsibility of planning and delivering the courses to SUNAFIL. The transition plan should include concrete steps for SUNAFIL to use the training course packages developed by the project to replicate the courses using the virtual classroom and inspectors that participated in the TOT course. As noted in Recommendation 5.6, a core group of skilled and interested inspectors (possibly with teaching experience) should be selected to eventually serve as course instructors. The first step for those without teaching experience might involve assisting an external specialist to teach the course and learn. The next step might involve having the inspectors co-teach with an outside specialist to gain confidence. Finally, these inspectors would be expected to serve as course instructors for courses supported and paid for by SUNAFIL.

## **5.8. Training Impact**

The project should collaborate with SUNAFIL to design a sustainable methodology to measure the impact of the training courses. Both the project and SUNAFIL are currently monitoring training by the number of participants. The university courses (ESAN, PUCP) assessed performance by testing and assigning a final grade. However, the extent to which the inspectors and sanctioning staff are applying what they learned and the subsequent impact is not being measured. The project's revised PMP should include methodologies to measure indicators for improved inspection practices (effect level changes). In doing so, the project would have an opportunity to involve SUNAFIL in a process to develop a simple methodology to measure the training-related indicators in the PMP that SUNAFIL could use as a model to measure the impact of its training courses.

## **5.9. Strategic Inspections**

The project should develop and implement a strategy and plan to build the capacity of SUNAFIL to conduct strategic inspections. Nearly 80 percent of SUNAFIL inspections are based on complaints filed by workers. Yet, SUNAFIL does not have the financial and human resources to respond in a timely and effective manner to the large number of worker complaints. Planned or strategic inspections could increase both the effectiveness and efficiency of SUNAFIL's inspections.<sup>54</sup> Under Output 3.3.1, the project provided financial support to SUNAFIL to carry out planned inspections in Loreto and Ica, as detailed earlier in this report. However, these inspections were not strategically planned using information from the sector studies, nor were they conducted with the objective of building local capacity to conduct planned inspections in

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<sup>54</sup> If the project decides to assist SUNAFIL to develop the capacity to conduct strategic inspections, it should consider using "A Strategic Approach to Strategic Inspection" by David Weil as guidelines.

the future. To be effective, the planned inspections should be planned strategically, using information from INII.<sup>55</sup> Planning should involve identifying enterprises where workers are at high risk for labor violations. Once high-risk enterprises are identified, the most common risks to workers should be identified such as accidents, exposure to chemicals, illegal contracts, or violations of fundamental labor rights. The planning should also include developing strategies, based on the nature of the enterprises, for interviewing workers and union representatives and acquiring key information during the inspection. After the inspection, the experience should be processed and important lessons documented with the aim of improving the next planned inspection. The project should also work with SUNAFIL to identify expert national and international inspectors that would help lead the inspections and serve as coaches to other inspectors participating in the planned inspection. The ILO regional office could be willing to help identify expert international inspectors (e.g. from Brazil or Argentina) and finance their participation.<sup>56</sup>

### **5.10. Inspection Studies**

The project should work with SUNAFIL to develop specific plans to use the results of the inspector workload distribution methodology, inspection act annulment study, and the sector studies in Loreto and Ica. The project has invested resources to conduct these three studies. The studies of the palm oil sector in Loreto and agro-industrial sector in Ica are completed and have been sent to INSSI but have not been shared with the Loreto and Ica Intendants.<sup>57</sup> The inspector workload distribution methodology and the inspection act annulment study are near completion. While SUNAFIL believes these studies are important, it is not clear to the evaluators how SUNAFIL intends to use the results of the studies to increase the effectiveness and efficiency of inspections. Once the studies are completed, the project should work closely with SUNAFIL to develop a concrete plan to use the results to improve aspects of the inspection system (e.g. setting inspection targets for inspectors, addressing the causes of inspection act annulment). This would help the project ensure that there is some degree of return on its investment in the studies.

### **5.11. Protocols**

The project should work with SUNAFIL to redesign the protocols and criteria for reviewing complaints so they are more practical and useful and provide training to inspectors on their application. The project initially envisioned developing the four protocols as practical guidelines to help inspectors navigate complex inspection issues. SUNAFIL decided that the protocols should strictly reflect national labor law and norms, which reduces their usefulness to inspectors as inspection tools. The project should raise this issue with the new SUNAFIL administration and encourage it to redesign the protocols so they serve as practical and useful inspection tools.

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<sup>55</sup> INII should be involved in providing information (intelligence) to SUNAFIL regional offices and inspectors to plan strategic inspections.

<sup>56</sup> The evaluators interviewed the ILO LABADMIN/OSH Specialist for the Andean countries who said that the ILO would have funding to support this sort of activity in 2018 and would be willing to discuss collaboration with the project.

<sup>57</sup> The evaluators reviewed the Loreto and Ica sector studies and believe they are unnecessarily critical of SUNAFIL, which could be the reason why INSSI has not been willing to share the studies.

PLADES developed a protocol for freedom of association under a different project that is designed as a practical tool to guide inspectors when investigating freedom of association violations. The freedom of association protocol could be used as a model to redesign the protocols. In addition, the project should work with the SUNAFIL training center to develop a plan to train inspectors in the application of the protocols. The protocol training could be offered on the virtual classroom platform and facilitated by SUNAFIL inspectors, which would help build SUNAFIL capacity to deliver these kinds of trainings in the future. Because the reasons for the dismissals are frequently not clear or are seemingly inconsistent, the criteria, as well as protocols, should be clarified, written and widely circulated.

## **5.12. Worker Organizations**

The project should collaborate with the Solidarity Center to orient worker organizations on the objectives of the project and request comments and suggestions to increase the effectiveness of key outputs.<sup>58</sup> Worker organizations, which are the primary clients of SUNAFIL's inspection services, have a strong understanding of the strengths and weaknesses of the inspection services and how they might be improved. However, worker organizations know very little about the project. The project should consider organizing and co-financing a series of workshops to present and explain the objectives and outputs of the project to worker organizations and request comments and suggestions to increase their effectiveness and usefulness for workers. The outputs that would benefit most from consultation with worker organizations would be the protocols (inspection guidelines for short-term contracts, general rules for contracts used in non-traditional export sectors, and freedom of association), the sector studies in Loreto and Ica, planned inspections, and SIIT. The sector studies in Loreto and Ica, which currently lack perspectives from trade unions in the agro-industrial sector, could be improved to be more useful for planned inspections with input from the unions. The effectiveness of the planned inspections could also be improved with union input regarding practices that enterprises use to evade labor laws and norms such as short-term contracts, fundamental labor rights (freedom of association), and OSH standards. The project should consider involving SUNAFIL in these workshops.<sup>59</sup>

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<sup>58</sup> Worker organizations would include primarily the federations such as FNTTP, FENTAGRO, FENUPETROL, and FNTMMSP. However, the Solidarity Center should help identify and ensure participation from the most relevant worker organizations.

<sup>59</sup> Based on the experience of the evaluators, worker organizations tend to use forums with SUNAFIL representatives to criticize SUNAFIL. If SUNAFIL were to participate in the workshops, they would have to be designed and facilitated to ensure worker organization comments are constructive.

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## **ANNEXES**

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## Annex A: Terms of Reference

### Independent Interim Evaluation Building the Capacity of the Peruvian Labor Inspectorate Project

Cooperative Agreement Number:	IL-26688-14-75-K
Financing Agency:	U.S. Department of Labor
Grantee Organization:	Capital Humano y Social Alternativo (CHS)
Dates of Project Implementation:	12/31/14 through 12/30/18
Type of Evaluation:	Independent Interim Evaluation
Evaluation Field Work Dates:	July 3-14, 2017
Preparation Date of TOR:	June 2017
Total Project Funds from USDOL Based on Cooperative Agreement(s):	US \$2 million

Vendor for the Evaluation Contract: O'Brien & Associates International, Inc.

## **LIST OF ACRONYMS**

CHS	Capital Humano y Social Alternativo
M&E	Monitoring and Evaluation
MPG	Management Procedures & Guidelines
MTPE	Ministry of Labor and Employment
OSH	Occupational Safety and Health
PLADES	Programa de Desarrollo Laboral
PLIP	Building the Capacity of the Peruvian Labor Inspectorate
PMP	Performance Monitoring Plan
SUNAFIL	National Labor Inspectorate
TOR	Terms of Reference
US	United States
USG	United States Government
USDOL	United States Department of Labor

## TERMS OF REFERENCE

### AN INDEPENDENT INTERIM EVALUATION OF THE BUILDING THE CAPACITY OF THE PERUVIAN LABOR INSPECTORATE PROJECT

The U.S. Department of Labor (USDOL) has contracted O'Brien & Associates International (OAI) to undertake an independent midterm evaluation of the Building the Capacity of the Peruvian Labor Inspectorate project (PLIP). PLIP is a \$2 million project funded by USDOL for duration of four years, implemented by the Grantee *Capital Humano y Social Alternativo* (CHS) and *Programa de Desarrollo Laboral* (PLADES). The evaluation is intended as a formative evaluation with the aim of validating the relevance of the project design and improving performance during the implementation phase.

The following Terms of Reference (TOR) serves as the framework and guidelines for the evaluation. It is organized according to the following sections.

- Background of the Project
- Purpose, Scope, and Audience
- Evaluation Questions
- Evaluation Management and Support
- Roles and Responsibilities
- Evaluation Methodology
- Evaluation Milestones and Timeline
- Deliverables and Deliverable Schedule
- Evaluation Report

#### **Background of the Country & Project**

Peru is a country with very high labor informality: 70 percent of workers are employed in the informal sector,<sup>60</sup> while in the formal sector; two-thirds of workers are employed on fixed term contracts.<sup>61</sup> Analysts estimate that under Peru's current economic conditions, it would take 50 years to overcome these informality rates.<sup>62</sup> The obstacles to reducing this informality are exacerbated by the pervasive use of short-term contracts and subcontracts in the formal economic sector that constitute precarious forms of employment. As of 2015, The Ministry of Labor reports that 100,487 workers per month are employed in subcontracting or outsourcing

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<sup>60</sup> INEI, *Produccion y Empleo Informal en el Peru 2007-2012*

<sup>61</sup> INEI, Peru. *Evolucion de los indicadores de empleo e ingreso por departamento 2004-2012*.

<sup>62</sup> El Comercio, "Informalidad laboral seguira afectando al pais 50 anos mas, October 14, 2014. Accessed at: <http://elcomercio.pe/economia/peru/informalidad-laboral-seguira-afectando-al-pais-50-anos-mas-noticia-1763803>

arrangements, while private sector consultants report that 80 percent of companies use subcontracting in Peru, with the mining and energy sector being the primary user.<sup>63</sup>

Peruvian law permits fixed term or indirect contracting through a variety of ways, which reportedly can be used to undermine labor rights. The short duration of these contracts allows employers to not renew contracts without the need to justify the non-renewal. In practice, this has facilitated the swift dismissal of workers who speak up about rights compliance, question their contracting status or join a union, effectively quelling any efforts to form worker organizations or directly negotiate improvements. Long-term outsourcing with a single employer undermines the rights of both full-time, directly hired employees and subcontracted or short-term workers, as each is aware of the situation of the other; the precariousness situation of many workers' contracts deters many from standing up for basic rights.

In 2013 political consensus regarding the serious challenges faced by the labor inspection system, coupled with the difficulty of maintaining a decentralized system that undermined compliance with labor legislation, brought about the enacting of Law 29981 by which SUNAFIL was created. As a result, the existing Laws, 28806 Labor Inspection System, and 27867 regarding Regional Governments operations, were also amended. The amendments in both Laws 28806 and 27867 were simply meant to accommodate the role of SUNAFIL as the Central Inspection Authority.

SUNAFIL is responsible for the promotion, monitoring and enforcement of labor legislation as well as for the provision of technical advice and to carry out research and the formulation of labor inspection policy initiatives. SUNAFIL's structure and operational guidelines place emphasis on the creation of 25 regional branches or intendancies (Intendencias regionales) across the country that are responsible for programming, developing, and conducting labor inspections. These regional offices report to the national superintendent of SUNAFIL, except in cases of labor inspection of micro-enterprises (defined as enterprises with ten or fewer registered employees), which are conducted by labor inspectors in the respective regional governments.

By January 2016 a total of nine regional intendancies had been established providing basic inspection services. This outcome indicates successful negotiations with the relevant regional governments in terms of determining the transfer of the inspection functions from the MTPE's regional directorates over to SUNAFIL's new regional intendancies. The regions of Ica and Loreto, targets for the USDOL-SUNAFIL project, are included in this group of nine regional intendancies.

Regarding the number of inspectors and the inspector/working population ratio, the situation has not improved in recent years. While in 2011 there were 386 inspectors, to date, the system in

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<sup>63</sup> Gestión, "Ocho de cada diez empresas en el Perú tercerizan y son 90% mas productivas," September 15, 2015. Accessed at: <http://gestion.pe/economia/ocho-cada-diez-empresas-peru-tercerizan-y-son-90-mas-productivas-2142885>

2015 was staffed with 463 nationwide: including assistant inspectors, inspectors, and supervisors. In 2013, the employed working population reached 7,051,500, resulting in some regions having a ratio of one inspector per 74,367 workers such as Cajamarca or one inspector per 57,400 workers in Ancash. The limited number of inspectors is just one of the many shortcomings of the present labor inspection system. Other shortcomings include ineffective management of the inspection process and the lack of timely and relevant data

Labor experts knowledgeable about SUNAFIL indicate that information contained in the Labor Inspection Information System -SIIT (for its acronym in Spanish) – is incomplete and users are not able to timely identify instances of labor non-compliance in the areas of fundamental rights at work, as well as outsourcing/subcontracting. The MTPE’s statistics yearbook of the last four years revealed that only 0.8 percent of the total labor inspection reports focused on cases of outsourcing in 2013, while cases relating to employment discrimination in the last four years did not exceed 14 percent of all inspection reports examined.

Furthermore, data available in SIIT neither reveals the current level of effectiveness or impact of labor inspection on compliance with labor rights, nor collects data on labor law violations that have been overturned or penalties that have in fact been paid.

PLIP project interventions aim to strengthen and enhance the professional capacity of the current and newly hired labor inspectors by launching a National School for Labor Inspection; conducting trainings to enhance the capacity of the inspectors to identify illegal practices such as subcontracting/outsourcing, fixed term contracts and safety and health issues; and, conducting in-depth training sessions on labor inspection methods/tools to include, interviewing workers, auditing company records, and assessing and collecting fines for violations.<sup>64</sup>

In December 2015, CHS signed a Cooperative Agreement with USDOL/OTLA worth US \$2 million to implement the PLIP project.<sup>65</sup> The project aims to support MTPE/SUNAFIL’s transition from a decentralized to a more centralized labor law enforcement system. This new system will address the problem of the lack of enforcement at the national and regional levels. The project will focus particularly on improving SUNAFIL’s enforcement of laws, regulations, and other legal instruments governing subcontracting/outsourcing and the use of short-term employment contracts, especially in the non-traditional export sectors.<sup>66</sup> CHS/PLADES began implementation on January 1, 2015, and the project is scheduled to close in December 2018.

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<sup>64</sup> 91 assistant inspectors were hired in November 2014, about one month before the start of PLIP implementation.

<sup>65</sup> The original proposal was conceived and designed by the PLADES; a non-profit organization specialized exclusively in labor issues in Peru and the Andean Region. Due to the expiration of its electronic identification, PLADES, at the last minute, managed to convince CHS, an agency specialized in trafficking in persons, to present the proposal on its behalf. While CHS is legally the Grantee before USDOL, technically PLADES is executing the project due to its expertise in labor law in Peru.

<sup>66</sup> Peruvian Law does not define which specific exports are considered to be “non-traditional.” However, “traditional exports” are defined by Supreme Decree 076-92-EF (1992) and include iron, gold, silver, lead, zinc, copper, crude oil and derivatives, cotton, sugar, coffee, fishmeal and fish oil. All export products that are not listed by Supreme Decree 076-92-EF are considered to be “non-traditional” and are covered by the NTE law.

The project’s theory of change is that if the institutional capacity of SUNAFIL and the professional capacity of its inspectors to conduct effective inspections is improved, including the ability to identify illegal contracting practices, then the overall effectiveness of Peru’s inspection system will be improved. By pursuing this theory of change, the PLIP project seeks to achieve three main objectives:

Strengthen SUNAFIL’s institutional capacity to minimize the disruptions resulting from the transition to a newly legislated centralized system.

Enhance the professional capacity of the current and the new cadre of inspectors of the National Labor Inspection System (SIT) to conduct labor inspections more effectively.

Improve SUNAFIL’s capacity to identify the illegal use or abuse of practices such as subcontracting/outsourcing and fixed term contracts. This objective will focus especially in the non-traditional export sectors and in selected geographical regions.

To achieve these objectives, the project intends to produce/address a range of outcomes and outputs, which are listed below by each objective.

### Project Objectives, Outcomes, and Outputs

OBJECTIVE 1. To strengthen SUNAFIL’s institutional capacity	OBJECTIVE 2. Enhance the professional capacity of the current and the new cadre of inspectors	OBJECTIVE 3. Improve SUNAFIL’s capacity to identify the use or abuse of illegal practices
OUTCOME 1.1. The regional intendancies of Loreto and Ica have implemented and consolidated their institutional capacity.	OUTCOME 2.1. Inspectors trained as instructors or facilitators	OUTCOME 3.1. Improvement of the knowledge of the regional intendancies about the problematic of certain economic sectors within their territories of influence.
OUTPUT 1.1.1. List of public institutions identified and willing to team up with SUNAFIL’s regional intendancies in Ica and Loreto.	OUTPUT 2.1.1. SUNAFIL’s Moodle virtual platform.	OUTPUT 3.1.1. Diagnostics and/or baseline document delivered to SUNAFIL’s regional intendancies of Loreto and Ica.
OUTPUT 1.1.2. Improvement actions in the management of in the regional intendancies of Ica and Loreto.	OUTPUT 2.1.2 Train-the-trainers courses.	OUTCOME 3.2. New criteria and protocols for inspective action enhance the efficacy of labor inspection in prioritized subject matters.
OUTCOME 1.2. The Labor Inspection Information System (SIIT) has been redesigned to accommodate the technical requirements of the present labor inspection system’s requirements of a centralized inspection system.	OUTCOME 2.2: Continuing training program for labor inspectors and sanctioning staff.	OUTPUT 3.2.1. Studies with recommendations to standardize and improve the inspective action.
OUTPUT 1.2.1. Diagnosis SIIT developed	OUTPUT 2.2.2 Training courses for inspectors and sanctioning staff.	OUTPUT 3.2.2. Protocols and forms designed and/or re-designed and delivered to SUNAFIL
OUTPUT 1.2.2	OUTCOME 2.3.	OUTCOME 3.3:

SIIT redesigned in order to incorporate new data.	Government entities and social partners sensitized about the labor inspection, and willing to coordinate with SUNAFIL	Enhanced labor inspection planning and strategies in prioritized areas in Ica and Loreto
OUTCOME 1.3. The labor inspection system uses new management tools and more efficient and useful access to information.	OUTPUT 2.3.1. Audio visual and printed material for outreach programs to sensitize the public on the importance of labor inspection.	OUTPUT 3.3.1. Inspection operations in sectors and themes prioritized by the project.
OUTPUT 1.3.1. A new labor inspector workload distribution method		
OUTPUT 1.3.2. The National Articulate Information System		

### **Purpose, Scope, Focus, and Intended Users of the Evaluation**

USDOL-funded projects are subject to independent interim and final evaluations. The overall purpose of this interim evaluation is to ascertain what the project has or has not achieved; how it has been implemented; how it is perceived and valued by target groups and stakeholders; what the results of project interventions have been on target stakeholders and institutions to date; whether expected results are occurring (or have occurred) based on performance data; the appropriateness of the project design; and the effectiveness of the project’s management structure. The evaluation is also intended to identify effective practices, mechanisms and partnerships and assess the prospects for sustaining them beyond the life of the project as well as recommend concrete steps the project might take to help ensure sustainability. Finally, the evaluation will investigate how well the project team is managing project activities and whether it has in place the tools necessary to ensure achievement of the outputs and outcomes, and identify any lessons for improvement.

The scope of the evaluation includes a review and assessment of all outputs and activities produced or carried out under the USDOL Cooperative Agreement with CHS. The evaluation will focus data collection primarily on selected project documents and reports and interviews with key project personnel, partners, and stakeholders in Peru. The evaluation will seek input from diverse range of international, national and local level stakeholders that participate in and are intended to benefit from the project’s interventions.

The evaluation will focus on the areas of project relevance, effectiveness, efficiency, impact and sustainability. Specifically, the evaluator should examine:

- The validity of project design, objectives, sustainability strategy, and assumptions;
- Progress made in achieving project outcomes;
- Stakeholder buy-in, support, participation in and ownership of the project;
- Barriers and opportunities to successful implementation and sustainability;
- Where activities have been particularly successful, the reasons for successful implementation;

- Intended and unintended effects accrued to the target groups;
- Potential sustainability of project activities; Risk analysis in project design and implementation, and the extent to which the project is responding effectively to emerging risks, challenges and opportunities.

The evaluation will assess the positive and negative changes produced by the project – intended and unintended, direct and indirect – as reported by respondents and reflected in the project's performance data. The final report should provide recommendations for possible changes that could be made to the implementation arrangements of the project or to be included in the design of a similar project that may be implemented in the future.

The primary stakeholders of the evaluation are USDOL, CHS, PLADES, the Government of Peru, employers, labor unions and other constituents involved in enforcing and promoting compliance with the labor laws of Peru. The tripartite constituents and other parties involved in the execution of the project would use, as appropriate, the evaluation findings and lessons learned. The evaluation findings, conclusions and recommendations will also serve to inform stakeholders in the design and implementation of subsequent projects in the country and elsewhere as appropriate.

The interim evaluation serves as an important accountability and organizational learning function for USDOL and CHS/PLADES. It should be written as a stand-alone document, providing the necessary background information for readers who are unfamiliar with the details of the project, as the evaluation report will be published on the USDOL website.

## **Evaluation Questions**

To serve these purposes, this interim evaluation will focus on the validity of the project's design (including the sustainability strategy), the relevance of the project's services to the target groups' needs, the project's efficiency and effectiveness, the impact of the results, and the potential for sustainability. These criteria are explained in detail below by addressing their associated questions. Additional questions may also be analyzed as determined by the stakeholders and evaluator before the fieldwork begins. The evaluator also may identify further points of importance during the mission that may be included in the analysis as appropriate.

### *Validity of the project design*

1. To what extent does the project design meet the guidance in the MPG? Are the activities and outputs of the project consistent with the overall goal and the attainment of its objectives and outcomes? Were the objectives/outcomes, targets and timing realistically set?
2. To what extent does the PMP meet the guidance in the MPG? How appropriate and useful are the indicators described in the project document in assessing the project's progress?

### *Relevance and strategic fit*

3. To what extent are the project's immediate objectives consistent with the priorities and expectations of key stakeholders including SUNAFIL, MTPE, workers, and employers?

4. How have the priorities of SUNAFIL changed since the beginning of the project? In what ways / to what extent did these changes affect the relevance of the project and how has the project adapted to those changes?

*Project progress and effectiveness*

5. To what extent is the project on track for achieving its objectives and outputs? Is the quantity and quality of these outputs satisfactory?

7. What seem to be the major factors (both in terms of factors that the project is able to influence and external factors beyond its control) affecting the achievement or non-achievement of the objectives? Is the project addressing challenges and/or seizing unforeseen opportunities effectively?

8. To what extent has the nature of labor inspection/enforcement among the project partners changed because of the implementation of the project activities?

9. What was the nature of training received, which received it, and is there any evidence that the trainees have effectively applied its content? Were the training services provided relevant? What are the areas for improvement? How has the training thus far addressed the key gaps identified in compliance with international labor standards and effective labor inspection?

10. What is the status of the protocol for labor inspection? Has the project experienced challenges to its drafting and/or implementation? If so, what are they? Has the project developed any other practical tools for inspection that are being used by the inspectors (e.g. manuals, checklists), are they relevant, and is there evidence of their use?

*Efficiency of resource use*

11. Are resources (funds, human resources, time, expertise, etc.) allocated strategically and efficiently to achieve outcomes?

12. What is the project's expenditure rate? At the midterm, is the budget being expended as planned and expected? If the project budget underspent or overspent, explain the reasons.

*Effectiveness of management arrangements*

13. Is the project governance and its management systems and structures facilitating good results and efficient delivery?

14. How effective are the technical and administrative support provided by CHS/PLADES to the project throughout the project implementation? How effective is the administrative and technical assistance provided by USDOL throughout the project implementation?

*Impact orientation and sustainability, including effectiveness of stakeholder engagement*

15. Did the project update / elaborate on its sustainability strategy as required in the MPG?

16. What is the nature of the commitment from national stakeholders at the project's mid-term, including SUNAFIL, MTPE, workers, and employers? Are stakeholders willing and committed to continue using technical tools, methodologies and training modules designed by the project?

17. How effective has the project been in establishing national or local-level ownership that would facilitate sustainability?

## **Evaluation Management and Support**

Dan O'Brien will serve as the evaluator for this evaluation. Dan is a private sector and labor expert with substantial experience providing technical assistance to and evaluating employer-based labor projects. Dan has evaluated more than 15 USDOL-funded projects, including several in Peru. He has evaluated or backstopped evaluations of USDOL-funded projects in Nicaragua, Georgia, Jordan, Lesotho, Bangladesh, Haiti, Cambodia, Philippines and Vietnam, among others.

O'Brien and Associates will provide logistical and administrative support to the evaluator, including travel arrangements and all materials needed to provide the deliverables specified in the Terms of Reference. O'Brien and Associates International will also be responsible for providing technical oversight necessary to ensure consistency of methods and technical standards.

## **Roles and Responsibilities**

The Evaluator is responsible for conducting the evaluation according to the terms of reference (TOR). He will:

- Receive and respond to or incorporate input from CHS/PLADES and USDOL on the initial TOR draft
- Finalize and submit the TOR and share (concurrently) with CHS/PLADES and USDOL
- Review project background documents
- Review the evaluation questions and refine the questions, as necessary
- Develop and implement an evaluation methodology (i.e., surveys, conduct interviews, review documents) to answer the evaluation questions, including a detailed discussion of constraints generated by the retrospective nature of this evaluation methodology and data collection and how those constraints could be avoided in future projects
- Conduct planning meetings/calls, as necessary, with USDOL and CHS/PLADES
- Decide composition of field visit interviews to ensure objectivity of the evaluation
- Present verbally preliminary findings to project field staff and other stakeholders as determined in consultation with USDOL and CHS/PLADES
- Prepare an initial draft (48 hour and 2 week reviews) of the evaluation report and share with USDOL and CHS/PLADES
- Prepare and submit final report

USDOL is responsible for:

- Drafting the initial TOR and sending to the evaluator to revise and finalize
- Reviewing proposed Evaluator
- Providing project background documents to the Evaluator (responsibility is shared with CHS/PLADES)
- Obtaining country clearance

- Briefing CHS/PLADES on upcoming visit and work with them to ensure coordination and preparation for evaluator
- Reviewing and providing comments of the draft evaluation report
- Approving the final draft of the evaluation report
- Participating in the post-trip debriefing
- Including USDOL evaluation contract COR on all communication with evaluator(s)

CHS/PLADES is responsible for:

- Reviewing the TOR; providing input, as necessary, directly to the evaluator; and agreeing on final draft
- Providing project background materials to the evaluator as requested
- Preparing a list of recommended interviewees
- Scheduling meetings for field visits and coordinating all logistical arrangements
- Providing all local transportation to and from meetings and site visits
- Reviewing and providing comments on the draft evaluation reports
- Organizing, funding, and participating in the stakeholder debrief
- Including USDOL program office on all communication with evaluator

### **Evaluation Methodology**

Performance shall be assessed in terms of six criteria: relevance and strategic fit; validity of project design (including sustainability elements); project progress and effectiveness; efficiency of resource use; impact orientation and sustainability of the project; and effectiveness of management arrangements.

The evaluation shall draw on six methods: 1) review of documents, 2) review of operating and financial data, 3) interviews with key informants, 4) field visits, 5) a stakeholder debrief before leaving Lima, and 6) a post-trip conference call.

Document Review: The evaluator will review the following documents before conducting any interviews or trips in the region.

- The project document
- Cooperative agreement
- Technical progress reports and comments
- Reports on specific project activities
- Training materials
- Trip reports, field visits, meetings, needs assessments and other reports
- Strategic framework, PMP, and performance indicators
- Work plans and budgets
- Any other relevant documents

Interviews with key informants: Interviews are to be conducted with key program stakeholders (by phone or in-person) including (but not limited to):

- USDOL project management team
- Relevant CHS/PLADES officials in national and regional office(s)
- Peru officials and project key personnel and staff
- Government counterparts, especially in the Labor Inspectorate
- Trade union representatives
- Other collaborating projects and partners, as appropriate

Fieldwork in Peru: The evaluator will meet the project director and project team to discuss the purpose and logistics of the evaluation. In addition, the project team will assist the evaluator to schedule interviews with the key informants listed above and any others deemed appropriate.

Generally speaking, the evaluator will interview key informants separately rather than as a group. The evaluator will work with project staff to develop a list of criteria that will be used to select a non-random sample of site visits / key informants to interview.

The exact itinerary will be determined based on scheduling and availability of interviewees. Meetings will be scheduled in advance of the field visit by the project staff, coordinated by the designated project staff, in accordance with the evaluator's requests and consistent with these terms of reference. *The evaluator should conduct interviews with beneficiaries and stakeholders without the participation of any project staff.*

USDOL is interested to learn from and apply good practices to its projects as well as communicate them to USDOL audiences through its communication strategy. To contribute to this compilation of good practices, the evaluator will identify and document good practices and successes during interviews with project beneficiaries and stakeholders along with pictures (when feasible) and compelling quotes that evoke the person's hopes for the future. The goal is to show how ILAB-funded interventions help USDOL meet its mission by telling the story of a particular person whose life has either been transformed as a result of the project or who is better able to positively impact the lives of others thanks to the project. The purpose of these vignettes is to raise awareness of international worker rights and the work ILAB is doing to advance them. Any pictures or quotes gathered by the evaluator from interviewees should be accompanied by a signed waiver (see Attachment A) granting USDOL the right to use and publish their name, words, and photo through any medium in USDOL publications.

Stakeholder debriefings: Before departure from Peru, the evaluator will conduct a debriefing meeting with project staff and key stakeholders to present and discuss initial findings of the evaluation.

Post Trip Debriefings: Upon return from Peru, the evaluator will provide a post-trip debrief by phone to relevant USDOL and CHS/PLADES staff to share initial findings and seek any clarifying guidance needed to prepare the report. Upon completion of the report, the evaluator will provide a debriefing to relevant USDOL and CHS/PLADES on the evaluation findings, conclusions, and recommendations, as well as the evaluation process. In discussing the evaluation process, the evaluator will clearly describe the constraints generated by the retrospective nature of this evaluation methodology and data collection and how those constraints could be avoided in future evaluations.

**Ethical Considerations:** The evaluator will observe utmost confidentiality related to sensitive information and feedback elicited during the individual and group interviews. To mitigate bias during the data collection process and ensure a maximum freedom of expression of the implementing partners, stakeholders, communities, and beneficiaries, implementing partner staff will generally not be present during interviews. However, implementing partner staff may accompany the evaluator to make introductions whenever necessary, to facilitate the evaluation process, make respondents feel comfortable, and to allow the evaluator to observe the interaction between the implementing partner staff and the interviewees.

**Limitations:** The scope of the evaluation specifies two weeks of fieldwork, which is not enough time to visit all of the project sites to undertake data collection activities. As a result, the Evaluator will not be able to consider all sites when formulating his findings. Due to time constraints, availability of a sufficient number of primary data sources (stakeholders), and other logistical challenges, the evaluation methodology will include purposive sampling to select project sites and stakeholders to interview. The sample will include project sites that have performed well and some that have experienced challenges. An important limitation of using purposive sampling includes selection bias and the inability to generalize the evaluation findings to the entire project target population. These limitations will be noted in the evaluation report section on evaluation methodology and limitations.

This is not a formal impact assessment. Findings for the evaluation will be based on information collected from background documents and in interviews with stakeholders, project staff, and beneficiaries. The accuracy of the evaluation findings will be determined by the integrity of information provided to the evaluator from these sources and the ability of the latter to triangulate this information.

Furthermore, the ability of the evaluator to determine efficiency will be limited by the amount of financial and outcome (objective indicator) data available.

### Evaluation Milestones and Timeline

<b>Activity</b>	<b>Date</b>	<b>Products/Comments</b>
Revise initial draft TOR & send for initial DOL / CHS/PLADES input	June 15	Preliminary evaluation questions Methodology section Instruments
USDOL logistic call	June 16	NA
USDOL and CHS/PLADES comment on TOR	June 23	TOR comments
Send final TOR	June 26	Final evaluation questions Methodology section Instruments
Review documents and develop methodology, data collection instruments, develop itinerary (with Grantee)	June 26	-Final evaluation questions -Methodology section -Instruments
Fieldwork in Peru including stakeholder meeting and	July 3-14	Stakeholder

presentation		presentation preliminary findings
USDOL debrief call	July 18	NA
Analysis and report writing	July 16-Aug 7	Draft report 1
Send first draft report for 48 hour review	Aug 7	Draft Report 48 hour review
USDOL provides 48-hour comments	Aug 9	48 hour comments
Revise and send second draft report for 2 week review	Aug 11	Draft report 2-week review
USDOL and CHS/PLADES conduct 2-week review	Aug 11-25	2-week review comments
USDOL and CHS/PLADES provide 2-week review comments	Aug 25	NA
Revise report and send final draft	Sep 4	Final draft report
Finalize and send final report	Sep 7	Final report

\* These dates depend on when USDOL and CHS/PLADES provide comments to evaluator

### **Deliverables and Deliverable Schedule**

- A. Finalized TOR with USDOL and CHS/PLADES consensus, June 26
- B. Method to be used during field visit, including itinerary, June 26
- C. Stakeholder debriefing meeting/presentations, July 14
- D. USDOL debrief calls, July 18
- E. Draft Report 1 to USDOL and CHS/PLADES, Aug 7 (48-hour review)
- F. Draft Report 2 to USDOL and CHS/PLADES by Aug 11 (2 week review)\*
- H. Final Report to USDOL and CHS/PLADES by Sep 7

\* These dates depend on when USDOL and CHS/PLADES provide comments to evaluator

### **Evaluation Report**

The evaluator will complete a draft report of the evaluation following the outline below and will share it with the USDOL and CHS/PLADES for an initial 48-hour review. Once the evaluator receives comments, he will make the necessary changes and submit a revised report. USDOL and CHS/PLADES will have two weeks (ten business days) to provide comments on the revised draft report. The evaluator will produce a second draft incorporating the comments from USDOL and CHS/PLADES where appropriate, and provide a final version within three days of having received final comments.

The final version of the report will follow the format below (page lengths by section illustrative only) and be no more than 30 pages in length, excluding the annexes:

## Report

- Title page (1)
- Table of Contents and Lists (tables, graphs, etc.) (2)
- Acronyms (1)
- Executive Summary (5)
- Background and Project Description (2)
- Purpose of Evaluation (2)
- Evaluation Methodology (2)
- Findings. This section should be organized around the six key issues outlined in the TOR (20)
- Relevance and Strategic Fit
- Validity of the Project Design
- Project Progress and Effectiveness
- Effectiveness of Management Arrangements
- Efficiency of Resource Use
- Impact Orientation and Sustainability
- Lessons Learned and Good Practices (2), including photos or testimonials from beneficiaries
- Conclusions (2)
- Recommendations (1)

## Annexes

- Terms of reference
- Strategic framework
- Project PMP and data table
- Project workplan
- List of meetings and interviews
- Any other relevant documents

Attachment A

United States Department of Labor

Right to Use

I, \_\_\_\_\_, grant to the United States Department of Labor (including any of its officers, employees, and contractors), the right to use and publish photographic likenesses or pictures of me (or my child), as well as any attached document and any information contained within the document. I (or my child) may be included in the photographic likenesses or pictures in whole or in part, in conjunction with my own name (or my child's name), or reproductions thereof, made through any medium, including Internet, for the purpose of use, dissemination of, and related to DOL publications.

I waive any right that I may have to inspect or approve the finished product or the advertising or other copy, or the above-referenced use of the portraits or photographic likenesses of pictures of me (or my child) and attached document and any information contained within the document.

Dated \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Signature or  
Parent/guardian if under 18

\_\_\_\_\_  
Name Printed

\_\_\_\_\_  
Address and phone number

Identifier (color of shirt, etc.): \_\_\_\_\_

## **Annex B: Master List of Interview Questions**

Below is the general interview guide that was modified and used for the specific interviews with stakeholders.

- 1) What activities has your organization participated in with the project? What is your organization's relationship to the project?
- 2) Do you believe the project is meeting the needs and expectations of your organization? Please explain?
- 3) Do you believe the project outputs and activities are appropriate and helping to improve the quality of inspections? Please explain.
- 4) What project training events have you participated in?
- 5) How would you rate the quality of the training in terms of content and the facilitation of the training? How might the project improve its training?
- 6) Have you been able to apply what you learned in training to your work? Please explain what you applied and what impact it might have had.
- 7) Do you think the project is making a difference in the lives of workers who have short-term contracts or work under illegal subcontracting? If so, please explain how?
- 8) Do you think your organization would be able to sustain key outputs once the project ends?
- 9) In the remaining life of the project, what do you think the project might do to increase its effectiveness and have even more of an impact?

## **Annex C: List of Documents Reviewed**

1. Cooperative Agreement (No. IL-26688-14-75-K)
2. Management Procedures and Guidelines 2014
3. Project document, logical framework, results framework, and PMP (various versions)
4. Technical progress reports (March 2015 to March 2017)
5. Project work plans
6. Federal financial reports
7. Project output budget
8. Sector studies (Loreto Palm Oil, Ica Agro-industrial)
9. Zonal office assessment and mapping for Loreto
10. Protocols (1. Directive on the General Rules for Inspections, 2. Inspection Guidelines for Short-Term Contracts, 3. General Rules for Contracts in Non-Traditional Export Sectors, and 4. Freedom of Association)
11. Methodology to distribute inspector workload interim report
12. Planned inspection reports for Loreto and Ica
13. PUCP assistant inspector labor rights course report
14. ESAN University TOT course report
15. ESAN University organization and administration course report
16. A Strategic Approach to Strategic Inspection” by David Weil
17. ILO Convention No. 81 on Labor Inspection.
18. Regulation of the Labor Inspection System (Supreme Decree 002/2017 / TR).
19. General Labor Inspection Law (Law No. 28806 and its reforms)
20. Regulation of the General Labor Inspection Law (Supreme Decree 019-2006-TR)
21. Legislative Decree No. 728 that regulates the work restrictions subject to modality
22. Law on the Promotion of Non-Traditional Exports (Decree Law 22342)
23. Law 29981 of Creation of the National Superintendence of Labor Inspection SUNAFIL
24. Direct request to the Peruvian State on Convention No. 81, adopted in 2016 by the ILO.
25. General Observation to the Peruvian State on Convention No. 81, adopted in 2016 (published in the report of the 106th session of the International Labor Conference in June 2017)
26. Draft protocol for action on freedom of association in temporary employment and indirect contracting, prepared by PLADES under the RELA project, funded by the Government of Canada, as part of the technical cooperation provided to MTPE
27. Bill to strengthen the Labor Inspection System No. 1722/2017 / PE, submitted to Congress on July 28, 2017

## **Annex D: List of Persons Interviewed**

This page has been left intentionally blank in accordance with Federal Information Security Management Act (FISMA) of 2002, Public Law 107-347.