



Report Number : ICR00004175

1. Project Data

Project ID P117310	Project Name PE Results Nutrition for Juntos SWAp		
Country Peru	Practice Area(Lead) Social Protection & Labor	Additional Financing P159256,P159256	
L/C/TF Number(s) IBRD-79610	Closing Date (Original) 31-Mar-2016	Total Project Cost (USD) 54,000,000.00	
Bank Approval Date 08-Mar-2011	Closing Date (Actual) 30-Jun-2017		
	IBRD/IDA (USD)	Grants (USD)	
Original Commitment	25,000,000.00	0.00	
Revised Commitment	25,000,000.00	0.00	
Actual	25,000,000.00	0.00	
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2. Project Objectives and Components

a. Objectives

The project objectives were consistently stated in all relevant documents. As per the Loan Agreement (7961-PE) dated July 5th 2011, the project objectives were:

- to increase demand for nutrition services by strengthening the operational effectiveness of *Juntos* (a conditional cash transfer (CCT) program); and,
- to improve coverage and quality of supply of basic preventive health and nutrition services in the communities covered under the Program (Articulated Nutrition Program / PAN), including *Juntos*.

For the purposes of this review, the project will be assessed based on the following three objectives:



- to increase demand for nutrition services by strengthening the operational effectiveness of *Juntos* (a conditional cash transfer program);
- to improve coverage of basic preventive health and nutrition services in the communities covered under the Program (Articulated Nutrition Program / PAN), including *Juntos*; and
- to improve quality of supply of basic preventive health and nutrition services in the communities covered under the Program (Articulated Nutrition Program / PAN), including *Juntos*.

The project focused on three regions: Amazonas, Cajamarca, and Huánuco. These were chosen to complement ongoing efforts under *EUROPAN*, a 60 million Euro grant from the European Union that provided direct budget support to selected regional governments based on progress in the provision of health checkups (*Control de Crecimiento y Desarrollo*, or CRED) and child immunizations. That project worked in the three poorest regions of Peru (Huancavelica, Apurimac, and Ayacucho), and the three regions selected for this operation were the next three poorest regionals at appraisal.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

Component 1: Strengthening and consolidating of the *Juntos* CCT program for families with children under 36 months (US\$ 5.50 million at appraisal, US\$ 5.50 million actual). This component sought to support an incentive mechanism to stimulate demand for health and nutrition services by *Juntos* beneficiaries measured through: (a) the affiliation of children younger than 12 months to *Juntos*; and (b) the verification of the health co-responsibility of children younger than 36 months already affiliated in *Juntos*. Funds were to be disbursed based on outputs, and the borrower reimbursed subject to achieving pre-established results.

Component 2: Improving coverage and quality of the provision of basic preventive health and nutrition services in the *Juntos* areas (US\$ 5.50 million at appraisal, US\$ 5.50 million actual). This component sought to support a stronger governance system for the PAN and create incentives for health providers, through capitation payments, to increase coverage and improve the quality of basic health and nutrition services in the *Juntos* areas covered by the operation.

Component 3: Strengthen the Government of Peru's capacity to influence nutritional outcomes by improving budgetary planning and monitoring of results for selected activities of the PAN (US\$ 14.00 million at appraisal, US\$ 14.00 million actual). This component sought to support an incentive mechanism to strengthen the government's budgetary planning and monitoring capacity in relation to the PAN through output payments related to: (a) the implementation of a planning and monitoring system for



health facilities; (b) the establishment of social monitoring of nutrition results at the municipal level; (c) the technical verification of capacity of health facilities; (d) the early affiliation of newborns to the Integral Health Insurance Program – *Seguro Integral de Salud* (SIS); and (e) the verification of CRED information. The results-based part of this component was to be disbursed against increases in the number of health micro-networks with accurate and timely information in the Integrated Administrative Management System (*Sistema Integrado de Gestión Administrativa - SIGA* - that now covers over 7,000 health centers across the country), municipalities with an installed social monitoring system, and affiliation of children younger than 12 months to SIS. The remaining funds allocated to this component were to be disbursed based on a procurement plan agreed between the government and the Bank.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: Project cost was originally planned to be US\$ 54 million, comprised of US\$ 25 million in Bank financing and a borrower contribution of US\$ 29 million. At approval, the borrower's contribution was defined by estimating the budgetary contribution of the borrower to the PAN. Because it was difficult to track the disbursement of relevant resources at the regional level, the borrower's contribution was revised to US\$0, reducing actual project cost to US\$ 25 million; however, the ICR noted that the Peruvian government ultimately invested more than US\$ 230 million nationally in the PAN between 2012 and 2017, and more than US\$ 29 million in the three focus regions. .

Financing: The International Bank for Reconstruction and Development financed this project as a Specific Investment Loan under a Sector-Wide Approach (SWAp) arrangement with the borrower that allowed a clear focus on results by disbursing against the achievement of predefined and tangible objectives. The loan, US\$ 25 million, was disbursed in full.

Borrower Contribution: As noted above, there was no dedicated contribution from the borrower, although overall investment in the PAN at the national level suggests significant unspecified investment in the project areas.

Dates: The project was approved on March 8, 2011 and became effective on January 12, 2012. The Mid-term Review was completed on April 7, 2015. The project was expected to close by March 31, 2016, and the actual closing date was June 30, 2017 (15 months later than planned). The operation was restructured five times, but none of the restructurings had any fundamental effect on project design or intent. The first three were low level restructurings that were processed, respectively, on July 10, 2013; February 26, 2014; and November 26, 2014. These sought to improve implementation and the speed of disbursement through amendment of some of the operation's legal covenants and results indicators (e.g., setting targets for certain indicators that were not available at the time of approval) . At approval, the operation had 18 intermediate outcomes. As a result of early restructurings, some original intermediate outcomes were dropped, while others were reworded. New intermediate outcomes were added so that, ultimately, there were nine intermediate outcomes at project close. Changes were made to original intermediate outcomes for a range of reasons including lack of baseline information.

The fourth and fifth restructurings - January 14, 2016 and September 17, 2016 - involved project



extensions to ensure the completion of key activities, partly making up for a ten-month lag between project approval and effectiveness and partly related to a delay in implementing the *Encuesta de Productos Priorizados* (ENCRED) survey (vital to monitoring results) due to extreme weather conditions.

3. Relevance of Objectives

Rationale

The project's objectives were highly relevant at appraisal and closing. It is important to note that the operation was approved in an already evolving context in which considerable progress had been made. The rate of stunting in Peru began to decline in the early 2000s, falling nationally from 30 percent in 2000 to 23.8 percent in 2009, despite an increase in stunting in urban areas (2005-09) from 13.5 to 16.2 percent as well as significant regional disparities in the rate of chronic malnutrition. In response, and prior to this project, the government had placed nutrition at the forefront of its social policy with the 5-by-5-by-5 initiative, a pledge to reduce chronic malnutrition in children under 5 years of age by 5 points in 5 years (by 2011). In 2007, the government launched an inter-institutional platform under the leadership of the Inter-Ministerial Commission for Social Affairs to coordinate malnutrition interventions, and the Ministry of Economy and Finance (MEF) included the PAN among the programs to be monitored within Performance-Based Budgeting (PBB) pilots. By 2009, budgetary programming for nutrition had already improved, and the allocation of resources for regions where malnutrition rates were highest had increased significantly. By 2010, and from then on, budgetary allocations and malnutrition rates were directly related. This occurred in part thanks to *EUROPAN*, a 60 million Euro grant from the European Union to support efforts in the three poorest regions of Peru (Huancavelica, Apurímac, and Ayacucho) through direct budget support to selected regional governments based on progress in the provision of CRED and child immunizations. The three regions that provided the focus for this project (Amazonas, Cajamarca, and Huánuco) were selected to complement the interventions of the *EUROPAN* project. The three regions selected were the next three poorest at appraisal.

The Project Appraisal Document (PAD) noted that the project built on commitments made under the Social Development Program for Peru - a key Pillar in the World Bank Group's Country Partnership Strategy (CPS) 2007-2011 - to support a cluster of activities that aimed at promoting and developing a new social contract in education, health, and nutrition. The operation was also intended to promote good governance, another commitment under the CPS. The Bank was well positioned to provide support given its broad experience and expertise in policy areas such as nutrition and CCT programs (e.g. in Brazil, Colombia, and Bolivia). The Bank also had relevant experience in Peru, e.g., the then ongoing Adaptable Program Loan II for the Health Reform Program which aimed at strengthening the supply of health services in the poorest regions of the country, and non-lending technical assistance provided for the *Juntos* designed to strengthen political commitment around nutrition and to define clear standards to strengthen accountability and parents' understanding.

Despite significant progress in tackling childhood malnutrition, Peru continues to face serious challenges in that regard -- evident, for example, in stunting among about 13 percent of the country's children (with significant regional disparities); chronic malnutrition in rural areas that is especially high among children



speaking indigenous languages; and high rates of anemia (59 percent of children between 6 and 11 months, and 44 percent of children between 6 and 36 months). Objective 6 (*Modernize delivery of health and nutrition services for the poor*) of Pillar II (*Services for citizens across the territory*) of the World Bank Group's 2017-2021 Country Partnership Framework (CPF) for the Republic of Peru builds on existing efforts. Objective 6 seeks, among others, to support ongoing efforts to improve basic health care, including addressing undernourishment, stunting, and anemia. In that regard, the CPF references ongoing operations, including *Juntos*.

The project's objectives were clearly stated albeit relatively limited in ambition, particularly given existing success and ongoing momentum at the national level to address malnutrition and stunting. The project team decided to limit the objectives (and, ultimately, associated indicators) to what was measurable and capable of being attributed to the project. The emphasis was on facilitating the introduction of a results-based approach with the necessary system-level discipline entailed in that endeavor. As such, the objectives do not reference stunting or child malnutrition. Instead, they are limited to demand for services and improved service response (coverage and quality). The fact that the desired outcomes are limited or intermediate outcomes (*vis-à-vis* the ultimately desired outcomes) places a particularly heavy emphasis on achieving targets, as what is in question is largely within the control of the project itself with less emphasis on exogenous factors.

Rating

High

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Increase demand for nutrition services by strengthening the operational effectiveness of *Juntos* (a conditional cash transfer program)

Rationale

This objective, which takes into account both the demand and supply sides, was developed on the premise that enhanced operational quality would result in increased demand. The target for one of the outcome indicators was exceeded (*Juntos* children under 12 months that have received the complete CRED scheme according to their age in the areas of intervention). The target for another outcome indicator (children under 36 months that have received the complete CRED scheme according to their age in the areas of intervention) was not met although improvements over baseline were achieved. The outcome indicators as defined in the results framework focused on participation in the program (where there was valuable input) and not on outcomes pertaining to stunting or malnutrition that may have been specifically caused by the program. Anticipated outputs were effectively delivered.

Outputs

The percentage of *Juntos* beneficiary children under 24 months registered in the *Juntos* information system



(SITC) with birth certificate, identity document (CUI), and SIS affiliation increased from 18% in December 2011 to 74.1% in June 2017, exceeding the formally revised target of 67% (no target was set in the PAD).

The percentage of children born each year in *Juntos* households and registered in the SITC before 30 days increased from 9.55% in December 2011 to 39.9% in June 2017, essentially reaching the formally revised target of 40% (no target was set in the PAD).

Outcomes

The percentage of *Juntos* children under 12 months that received the complete CRED scheme according to their age in the areas of intervention of the *Juntos* CCT Program targeted by this operation increased from 63.9% in December 2011 to 86.4% in June 2017, exceeding the original/revised target of 80%. The ICR suggested that this was considered to be the primary indicator for the intervention, although it was not treated or referred to as such in the PAD. The PAD (p. 47) noted, "the indicator refers to children that are registered in the *Juntos* program before they are 1, that is, during the most critical period for their development. The objective of this indicator is to capture changes in the *Juntos* affiliation process, which is currently showing difficulties in updating information for the youngest children." The first year is clearly a critical period, and the indicator is important in that regard, but it was not presented as a primary indicator for the intervention, which seeks to address demand, supply, coverage, and quality.

The percentage of children under 36 months who received the complete CRED scheme according to their age in the areas of intervention increased from 67.2% in March 2012 to 70% in December 2016, reaching less than halfway to the original/revised target of 73%. The ICR suggested that this key indicator was considered to be a "control" indicator designed to track maintenance interventions, which account for four CRED visits during the second year of the child's life, and one CRED visit during the third year. The ICR also stated that the indicator's value peaked at 72.7% in 2015 but did not ultimately reach the targeted 73% value at project close. However, the indicator was not presented as secondary in the PAD and was clearly a critical measure of broader supply of nutrition services, aimed at capturing improvement in the supply of nutrition services in *Juntos* areas, for children younger than 36 months (PAD, p. 47).

Rating

Substantial

Objective 2

Objective

Improve coverage of basic preventive health and nutrition services in the communities covered under the Program (Articulated Nutrition Program / PAN), including *Juntos*

Rationale

As above, one of the outcome indicators for this objective, focused on coverage, was met and exceeded (*Juntos* children under 12 months that received the complete CRED scheme according to their age in the



areas of intervention), and the other (children under 36 months that received the complete CRED scheme according to their age in the areas of intervention) was not realized, although improvements on baseline were achieved. The outcome indicators focused on participation in the program (where there was valuable input) and not on outcomes pertaining to stunting or malnutrition that may have been specifically caused by the program. Key output targets, related to affiliation of children under 36 months and number of newborns registered in SIS before 30 days in *Juntos* districts, were met and sometimes exceeded. The target relating to mothers in *Juntos* families with children under 24 months who attended at least one demonstration session was not met.

Outputs

The percentage of children younger than 36 months affiliated to SIS and with complete and timely CRED scheme in the areas of intervention of *Juntos* in Amazonas, Cajamarca, and Huánuco increased from 43% in December 2011 to 88.5% in June 2017, exceeding the formally revised target of 65% (no target was set in the PAD).

28.8% of mothers in *Juntos* families with children under 24 months attended at least one demonstration session in Amazonas, Cajamarca, and Huánuco, not achieving the formally revised target of 50% (no target was set in the PAD). The ICR noted that deficiencies in the registration system for the demonstration session may have resulted in underreporting of the percentage of attending families.

The number of newborns registered in SIS before 30 days in *Juntos* districts in the areas of intervention of the operation increased from 11,759 in December 2011 to 19,878 in June 2017, exceeding the formally revised target of 15,000 (no target was set in the PAD).

Outcomes

The percentage of *Juntos* children under 12 months that received the complete CRED scheme according to their age in the areas of intervention of the *Juntos* CCT Program targeted by this operation increased from 63.9% in December 2011 to 86.4% in June 2017, exceeding the original/revised target of 80%. This was considered to be the primary indicator for the intervention, and it measures achievement of both the demand and coverage objectives.

The percentage of children under 36 months who received the complete CRED scheme according to their age in the areas of intervention increased from 67.2% in March 2012 to 70% in December 2016, reaching less than halfway to the original/revised target of 73%. This indicator also measures achievement of both demand and coverage.

Rating
Substantial



Objective 3

Objective

Improve quality of supply of basic preventive health and nutrition services in the communities covered under the Program (Articulated Nutrition Program / PAN), including Juntos.

Rationale

This objective sought to improve the quality of supply. Neither of the outcome-level indicators is relevant for measuring quality. Of the three relevant output-level indicators, targets were achieved for two.

Key targets related to health facilities with updated and complete asset information, and discussions held and registered about CRED coverage and vaccines in districts in the first quintile, were met and sometimes exceeded. The target for the number of health micro-networks annually verified as having met the certification criteria was not met. The attempt to measure quality is relatively weak and could have been enhanced, for example, through a survey of beneficiaries.

Outputs

The percentage of health facilities with updated and complete asset information in SIGA increased from 98.4% in December 2011 to 100% in June 2017, meeting the formally revised target of 100% (no target was provided in the PAD).

156 districts in the first quintile had discussion forums about CRED coverage and vaccines (social monitoring) and are registered on MEF's web page, more than doubling the formally revised target of 75 (no target was provided in the PAD).

44.1% of health micro-networks were annually verified because they met certification criteria in Amazonas, Cajamarca, and Huánuco, not achieving the formally revised target of 60% (no target was provided in the PAD). The target was only partially attained because Regional Health Directorate and networks faced ongoing difficulties in reaching distant health centers to deliver required supplies in a timely fashion.

Rating

Modest

Rationale

The project's logic / theory of change was robust i.e., it was reasonable to expect that cash transfers to poor households would increase demand for better health and social services, as well as demand for food richer in nutrients and for caring practices around children's health and nutrition. This would, in turn, lead to an improved diet, and ultimately to lower malnutrition rates. The design supported a multi-sectoral approach that provided for demand-side behavioral change (e.g., care and feeding practices) led by a CCT as well as supply-side interventions (support to enhance coverage and quality) to achieve results that aimed to contribute to realizing



the ultimate long-term outcome of lowering child malnutrition in focus areas. The project also aimed to improve budgetary planning and monitoring of results through support for the recently-established practice of PBB, and it also sought to improve data collection on key nutritional and health outcomes, as well as maintenance and use to improve the quality of health services, thereby contributing to reduced malnutrition. With two of three objectives substantially achieved, and one modestly achieved, overall Efficacy is rated Substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

It is understood that this project was structured to provide funding to support the already existing *Juntos* program, and that the *Juntos* program had undergone several rigorous evaluations that demonstrated impressive program effects -- in particular, nutritional improvements among children and increased coverage and quality of basic preventive health services -- which, evaluations found, had likely contributed to reducing malnutrition in Peru. The ICR further stated that reduced malnutrition, in turn, typically leads to increased GDP. The ICR's Annex 4 (The economic rationale for the role of *Juntos* in reducing malnutrition) summarized findings from several evaluations that indicated important achievements by the larger *Juntos* program (in terms of increased utilization of health services, increased school attendance by beneficiary children, and contribution to reduction in chronic malnutrition among children below 5 years of age). Neither this Annex nor the main text of the ICR, however, brought together this impressive information about the outcomes achieved (or benefits experienced by program participants) with information about the actual costs -- of either the broader *Juntos* program or the narrower financial support provided to *Juntos* under this project. With no comparison of benefits arising from the project to costs incurred, and no estimate of these based on benefits and costs observed across the wider program, it is difficult to make a strong case for project efficiency. While it is understood that reducing malnutrition is generally found to be cost-effective and valuable, this ICR missed an opportunity to give an estimate of the extent of benefits achieved with the funding provided, and this information gap represents a significant shortcoming in the demonstration of efficiency.

Regarding implementation efficiency, the ICR commented on largely smooth project implementation and sound financial management and procurement throughout the project life. However, there were some shortcomings: The operation's effectiveness was delayed by ten months following approval. The project team informed IEG that the early delay was associated with the client getting to grips with the system requirements of operating a results-based approach. This delay contributed, in part, to the final two of five restructurings, which sought project extensions to ensure completion of key activities, although the request for extension was also partly related to extreme weather conditions that delayed a field survey that was vital to monitoring results.

The project came in on budget, fully disbursed but delayed by 15 months (some of which was attributable to adverse weather conditions that impacted the undertaking of a critical survey). The ICR suggested that delays and initial challenges faced by the project "were to be expected given the innovative nature of the operation" (p. 11), which was the first SWAp operation in social sectors in Peru and, as such, both the Bank and the



government faced steep learning curves. The ICR stated that “delays and hiccups” (e.g., in relation to procurement, hiring information technology personnel) were weighed in the ratings and should be understood, mostly, as the price of innovation.

Based mainly on the gap in information (or even estimates) on benefits vs. costs, efficiency is rated Modest.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the objectives is rated **high**, as they directly engaged with a critical aspect of public policy (child malnutrition / stunting) and were aligned directly with Bank strategy at closing. Efficacy is rated **substantial**, reflecting substantial achievement of two objectives and modest achievement of a third. While the project's main outcome indicators were adequate measures of demand for and coverage of nutrition services, little information is provided on the quality of those services. Efficiency is rated **modest**, largely due to lack of information on the project's absolute or relative efficiency. Taken together, these ratings indicate moderate shortcomings in the project's preparation and implementation, and therefore Outcome is rated **Moderately Satisfactory**.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

Sustainability is uncertain for some of the achievements of the operation. First, although malnutrition (and anemia) remain government priorities, political support behind multi-sectoral MEF-led interventions has waned as line ministries begin to take the lead for interventions in their respective sectors. The multi-sectoral approach was considered to be a major factor behind Peru's success in reducing malnutrition.



Shortage of ongoing resources to support project-led initiatives may also undermine sustainability and some of the achievements of the project. It remains unclear how the Nominal Census (*Padron Nominal*) - a live platform administered by *Registro Nacional de Identificación y Estado Civil* and accessible by local health centers and the Ministry of Health – will be updated and maintained on an ongoing basis, as funding outside of this Bank-supported operation has not been allocated beyond 2018. It also remains unclear who will support the future implementation of the *Monitoreo Social* (social monitoring strategy) in the three areas covered by the operation, and how this will be done. The overall sustainability of the *Padron Nominal* (at the national level) and of the *Monitoreo Social* (in the three focus areas of the operation) relies on ownership and capacity at the regional and district levels. The absence of support and incentives (currently provided through the project) could diminish commitment and quality. It is also unclear where funding for the ENCREC surveys will come from. The ENCREC surveys were described in the ICR as arguably the most important accomplishments supported by the operation. At project close, the survey was unfunded.

The amount of the cash transfer provided under *Juntos* is independent of the number of children in the household. As such, all conditionalities are met when co-responsibilities are fulfilled vis-à-vis any given newborn child, and there is no additional incentive to register any child or children subsequently born into that household. This could result in lower ongoing demand for health and nutrition services at the local level (vaccines and immunizations, CRED packages, etc.) with possible knock-on effects for the reduction in malnutrition.

On the other hand, the project helped deliver some potentially durable benefits. The project lobbied for the strengthening of the Municipal Civil Registry Offices and the establishment of well-equipped Auxiliary Registry Offices in hospitals and other birth facilities to support the online issuance of the Certificate of Live Birth. That achievement subsequently led to timely processing of Birth Certificates and National ID numbers that, in turn, facilitated inter-agency exchange of information to improve early access to health and nutrition services. As discussed elsewhere, the effect of this was to allow access to services for almost all infants. The project contributed to other aspects of institutional coordination and strengthening as well. It helped strengthen stewardship of local governments in coordinating different institutions and sectors to increase the quality and quantity of health and nutrition services and programs for children younger than 12 months. It also strengthened the implementation of RBB by reimbursing activities based on targets met, thereby aligning the SWAp operation with national-level efforts to implement performance-based budgeting.

8. Assessment of Bank Performance

a. Quality-at-Entry

The operation was timely in catching the momentum of improvement that had been instigated by the government with assistance from others, particularly the European Union, and sought to build upon that success (Section 3). A number of risks were identified at appraisal, including lack of clarity in institutional arrangements for reforms and expansion stages in the *Juntos* program that might delay the execution of technical assistance activities; the risk that indirect (reimbursed) flow of project support to sectors and programs participating in the operation would reduce their incentive to comply with the scheduled activities and goals; challenges in relation to implementation capacity and sustainability (including some government



reservation regarding the overall approach); limited capacity and experience in performance-based budgeting; complicated procurement arrangements; and potential exclusion of indigenous peoples from program benefits due to transfer difficulties and/or access barriers. In mitigation, the Bank team envisaged continued provision of technical assistance to the *Juntos* technical team as well as supportive technical dialogue with the Inter-American Development Bank (facilitated through a Japanese Social Development Fund grant and Japanese Trust Fund support); leveraging of budgetary resources to meet target goals; government willingness to commit to a pilot results-based financing approach with a view to adopting that approach in the future; and hiring of expertise in information technology.

The PAD (pp. 11-12) outlined lessons learned that were reflected in project design. The team worked with the government to strengthen the design of the CCT program, one of the key interventions of the government's poverty reduction strategy. In that regard, the basic design followed lessons from regional and international experience, especially in the areas of targeting, linking with nutritional outcomes, definition of co-responsibilities, transparency, and local-level participation. The PAD noted, for example, that the program adopted a two-step mechanism to select beneficiaries – as in Colombia, México, El Salvador, Panamá, and Guatemala – based on geographical targeting and proxy-means testing. The Bank also brought to bear its experience in the importance of linking financing to results in supporting health sector interventions. In that regard, the introduction of capitation payment mechanisms and performance agreements along with effective monitoring and information systems was considered important in incentivizing providers. The Bank had used similar mechanisms linking disbursements to achievement of milestones, most prominently in state-level SWApS in Brazil, but also in other countries such as Argentina, Honduras, and Panama.

It was a moderate shortcoming that, although the project objectives sought to address demand and supply side issues, including quality of supply, the team did not include indicators adequate to assess the quality of the services delivered.

Quality-at-Entry Rating Moderately Satisfactory

b. Quality of supervision

As noted above, the Bank team identified risks at entry, some of which materialized. Regular supervision and implementation support missions helped in early identification of challenges leading to restructurings that served to keep the project on track, notwithstanding some delays. During implementation, the task team also secured a US\$ 2 million Japanese Social Development Trust Fund to complement the operation's resources and support the development of protocols/materials for indigenous populations.

Quality of Supervision Rating Satisfactory

Overall Bank Performance Rating



Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

Monitoring and evaluation (M&E) functions provided strategic underpinning to the project. The PAD noted that the M&E activities supported by the operation were designed to strengthen the capacity of MEF, *Juntos*, and the Ministry of Health and underpin the capitation payment system that the government planned to appropriately fund activities under Components 2 and 3. Project M&E was to support the management information system of the *Juntos* program and of SIS, and the project was to reimburse activities related to a technical verification aimed at making transparent transfer of resources to the health facilities and at evaluating the capacity of the health facilities to provide the guaranteed package of services. The project also supported the introduction of an innovative social monitoring mechanism to oversee nutrition results and quality of health and nutrition services at the local level. The results framework included an intention to disaggregate data by indigenous / non-indigenous beneficiaries, particularly for the outcome-level indicators and those indicators that were considered critical for indigenous populations. We note, as above, the absence of indicators adequate to assess the quality of the services delivered (which is one of the core project objectives).

b. M&E Implementation

M&E implementation faced early challenges. The inability to compile baselines for some intermediate indicators, and the lack of data to monitor others, required restructuring, although baseline data to underpin some indicators became available by 2012. On the other hand, the functioning of the M&E system provided data that was critical to many project achievements, such as: an innovative social monitoring mechanism used to oversee nutrition results and quality of health and nutrition services in 160 districts; improving social accountability within poor communities through the production of key district-level indicators (e.g., children affiliated to *Juntos*, gaps in CRED coverage and in immunization/vaccines) that, in turn, allowed mayors and local governments to monitor individualized outcomes of children, and to focus resources accordingly. The social monitoring operated off the *Padron Nominal* that was also supported by the operation, a one-stop data platform that consolidates various inputs allowing for real-time information on progress that was used, for example, by the Performance Incentives Fund and other stakeholders to monitor the fulfillment of targets agreed at the local level. The project also supported the creation of ENCREd, a survey of primary health care centers focused on assessing their input needs to provide services. The survey enabled regional and local governments to carry out a robust assessment of their capacity to deliver nutrition-related health services. As earlier noted, disbursement was delayed following extreme weather disruption of ENCREd in 2015 (the survey was required to monitor certain intermediate results), and this delay contributed to the final two restructurings of the project in 2016. Finally, the data-driven approach supported by the project helped further underpin the performance-based budgeting approach that the MEF was already working with under the PAN.



c. M&E Utilization

The monitoring results were fundamental to project implementation, feeding results indicators and triggering disbursements and the performance-based approach. The ICR stated that the data generated by the project supported mechanisms such as ENCREC and the *Padron Nominal, Juntos*, and SIS platforms, providing levels of detail heretofore unavailable that allow for a much lower level of disaggregation (district level, individual level, etc.) and, in turn, allow for a more granular understanding of local constraints noting, however, the lack of data on service quality.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was rated Environmental Assessment category C. It triggered only one safeguard, the Indigenous Peoples Policy OP 4.10. The PAD noted that there were no anticipated negative impacts on indigenous households, and that the project's success would "to a great extent, depend on how well the project manages to meaningfully involve indigenous communities" (p. vii). The government conducted a social assessment, prepared an Indigenous Peoples Strategic Framework (IPSF, published 2009), and consulted with indigenous communities and organizations. The IPSF included measures to overcome any barriers to access on both the supply and demand side, including targeting, enrollment, monitoring, and funding mechanisms. The PAD stated that recommendations from the social assessment and consultation were embedded in project design in that all the project's outcome indicators were to be disaggregated by indigenous and non-indigenous, and that the Communication Strategy would ensure culturally appropriate participation. The IPSF was intended to guide the overall implementation of the operation to ensure inclusion of indigenous peoples. At approval, indigenous households represented approximately 41 percent of poor households in Peru, and 45 percent of the total number of households participating in *Juntos*.

The ICR noted that throughout the operation, the government consulted with indigenous communities and organizations to ensure better and culturally appropriate service delivery. The government also held information sessions to attempt to change behaviors and supported a systematic effort to disaggregate data to track nutrition results in different cultural and geographic settings. The rating of the IPSF's implementation started off as Satisfactory before being downgraded to Moderately Satisfactory in 2012 due to overall operational delays. By mid-2015, and until closing, progress towards the implementation of the IPSF was deemed Satisfactory.

The ICR reported on a range of actions supported by the project that relate to indigenous people, including a diagnostic of main access barriers (e.g., timely registration of children, compliance with nutrition co-responsibilities) faced by indigenous households nationally that was carried out by *Juntos* staff and from



which a strategy was developed and a team devoted to improving nutritional outcomes within indigenous communities. The project supported consultation between government and regional indigenous people organizations, aligned the indigenous people strategies of the Ministry of Health and of the Civil Registry, and began hiring Native field agents to better connect with indigenous populations. The Ministry of Health adopted a differentiated strategy for indigenous people, e.g. offering nutrition services adapted to territorial and demographic conditions of Amazon communities. The project also allowed for higher per capita reimbursements to regional health services to reflect the higher incremental costs of operating in the Amazon.

The ICR claimed that the project contributed to a large reduction in the rate of stunting among indigenous children (almost 10 percentage points of reduction relative to the 47 percent registered in 2005), noting that chronic malnutrition among indigenous children remains significant at 38 percent. However, no causal evidence was provided in the ICR, and no disaggregated data were provided in the ICR (e.g., indigenous / non-indigenous, male / female, etc).

b. Fiduciary Compliance

Procurement. Notwithstanding delays in procurement processes on the part of the MEF's Sectoral Loans Coordinating Unit and on the part of the Bank in approving the procurement of two large contracts, procurement was largely satisfactory, noting successful efforts by the Bank's procurement team to verify that relevant procedures were being followed and that the Bank team and the MEF were working well together.

Financial management. Initial financial management planning was robust, with reference, for example, to internal controls. The project's financial management ratings started out rated Satisfactory, as ex ante planning, budgeting, accounting, internal controls, financial reporting, and auditing arrangements were adequate. However, there were delays in preparing terms of reference for the operation's technical audit as well as ongoing delays in the submission of technical audits and coordination challenges. That said, considering the project represented the first results-based operation in the social sectors in Peru and the legal framework had to be adapted to ensure smooth disbursement, the overall effort was relatively positive.

c. Unintended impacts (Positive or Negative)

The ICR (pp. 11-12) stated that the operation's focus on early affiliation to *Juntos* and SIS had important spillovers on the health sector as a whole, and on the identification of children throughout the country. Before the project, possession of a National Identity Card was a precondition for access to health services. Many children from poor households, particularly in remote rural areas, did not have a Card and therefore had no access to services, e.g. to nutrition services and immunizations. To facilitate early affiliation to SIS and *Juntos*, and therefore access to health services, the operation actively partnered with and provided technical assistance to the National Registry of Identification and Civil Status (RENIEC) to improve the National Civil Registry database. This resulted in RENIEC's platform being able to receive in real time newborn birth certificate and CUI information so that, from the moment of birth (using the CUI



number) and while they were waiting for a formal national identity document (DNI), there was access to services. In parallel, the task team also actively supported the establishment of Auxiliary RENIEC offices in hospitals capable of issuing the birth certificate and automatically initiating the Child DNI issuance process at the time of birth. According to RENIEC, 98.5 percent of Peruvian children currently have a DNI, and this has dramatically improved the government’s ability to monitor the country’s demographics, children’s health, health services utilization, etc. The ICR noted that this is a sustainable outcome that will persist even in the absence of the program.

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	IEG rates efficiency Modest primarily due to lack of information to compare benefits achieved with costs incurred.
Bank Performance	Satisfactory	Satisfactory	---
Quality of M&E	Substantial	Substantial	---
Quality of ICR		Modest	---

12. Lessons

The ICRR presented a number of well-noted lessons learned.

First, a range of factors need to come together and mutually reinforce to support change: factors such as strong understanding of the client’s political economy dynamics, presence in a country, availability of resources, and cutting-edge solutions. In that regard, the timing for this project was right with reference, for example, to a confluence of factors including economic growth, political awareness, and civil activism, as well as the Bank’s own experience in relation to nutrition leading to a “multi-sectoral approach to a multi-faceted problem, and the use of evidence-based interventions” to ensure a technically rigorous design (ICR, p. 19). Second, effectiveness potential is enhanced where responsibility for implementation is assigned to an administratively capable and politically influential agency endowed with the necessary technical competencies. The ICR commended relevant government parties (MEF, Department of Public Expenditure, and others) in that regard. Third, it is vital that required incentives are both understood and correctly implemented. The project built on existing success in its three focus areas that allowed for the transfer of additional resources to local governments based on results (with an emphasis on better planning), thereby aligning the incentives of different actors (from regional governors to local mayors, executing agencies, and local health clinics and doctors).



Finally, robust and timely monitoring is important in achieving results, as it draws attention and focus to need when and where it arises.

The ICR also made three recommendations: (i) even more flexibility than is allowed under existing instruments, including Program-for-Results, will be required to foster innovative interventions; (ii) World Bank teams, as well as borrowers, should make a conscious effort to be as coordinated as possible, and to align incentives accordingly, from the design phase onwards; and (iii) Bank teams need to be more business-focused to ensure longer-term traction and influence.

IEG adds the following:

When promoting innovative solutions that require significant investment, ensuring political buy-in can avoid the possibility of efforts being reduced, with reference to sustainability, to a technical exercise. In this case, the waning support behind the multi-sectoral approach and the lack of budget to support technical platforms threatens the sustainability of what look like promising innovations and positive outcomes. A similar point can be made with reference to service delivery more broadly. Successful and sustainable service delivery requires a full scan of the territory to ensure, upstream, that all the necessary enabling conditions are satisfied (e.g., regulatory, legal, technical, etc.), supported as the effort moves downstream by adequate inputs (e.g., human resources, technology, service standards, etc.), and effected through appropriate delivery mechanisms/models and supports (e.g., through a centralized or community-driven development approach, through a multi-sectoral effort or sector-specific effort). In this case, despite positive work, sustainability is threatened due to a shift in a number of factors based on a threat that, to some extent, was known to the Bank team.

On a related point, the ICR (pp. 1-2) commented on the positive role played by the MEF in achieving synergies to formalize commitment to achieving better results and greater accountability on nutrition outcomes by including the PAN among the programs to be monitored under the performance-based budgeting pilots. The ICR stated that the success of PAN rested on three pillars: use of result-based budgeting; a unified approach with no one entity having “ownership” of nutrition (a shared priority under shared responsibility); and specialized training for public servants. However, the ICR noted risks to development outcome given a return, subsequent to project closing, to a more fractured approach. In that regard, not having a single entity responsible for such a critical challenge as malnutrition may, in fact, be interpreted as a weakness rather than a strength that may threaten sustainability and focus.

Finally, to design effective behavioral change, it is necessary to put people at the center of the development process and to invest in understanding their circumstances, motivations, and the trade-offs they make, etc. The incentive designed in this instance required a mother to present with one infant after which she would continue to receive the benefit, whether or not she registered children subsequently born into the family. This may result in lower ongoing demand for health and nutrition services at the local level with possible knock-on effects for the reduction in malnutrition. IEG's CRIISP model provides useful guidance on the effective design of behavior change.

13. Assessment Recommended?



Yes

Please explain

Differences in ratings between the ICR and the IEG ICR Review.

14. Comments on Quality of ICR

The ICR was concise and easy to read. However, assessment of the key factors and events that affected performance and outcomes was overly concise, and the ICR narrative for the project lacked detail, for example, on disaggregated data with reference to indigenous / non-indigenous people and male / female beneficiaries. In the discussion of efficiency, the ICR presented material that related to efficacy. In that instance, more candor would have been welcomed regarding the lack of efficiency-related data or supportive material. The ICR also did not provide specifics regarding the various restructurings that might impact, for example, the assessment of efficiency. The Borrower's Project Closing Report was referenced several times but was not included as an Annex to the ICR. The team explained that the document was in draft and available in Spanish only; however, it is nonetheless considered good practice to attach available supporting documentation.

a. Quality of ICR Rating Modest