



1. Project Data

Project ID P131029	Project Name PE Social Inclusion TAL	
Country Peru	Practice Area(Lead) Social Protection & Labor	
L/C/TF Number(s) IBRD-82220	Closing Date (Original) 31-Jan-2017	Total Project Cost (USD) 9,193,938.94
Bank Approval Date 13-Dec-2012	Closing Date (Actual) 31-Mar-2018	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	10,000,000.00	0.00
Revised Commitment	9,193,938.94	0.00
Actual	9,193,938.94	0.00

Prepared by Katharina Ferl	Reviewed by Judyth L. Twigg	ICR Review Coordinator Eduardo Fernandez Maldonado	Group IEGHC (Unit 2)
--------------------------------------	---------------------------------------	---	--------------------------------

2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD, p. vii) and the Financing Agreement of January 15, 2013 (p. 5), the objective of the project was “to strengthen the Ministry of Development and Social Inclusion’s (MIDIS) systems and capacity to improve the performance of MIDIS’s programs and to monitor social inclusion policy.” The main MIDIS programs impacted by the project included the *Juntos* conditional cash transfer program, the *Qali Warma* school feeding program, the *Pension 65* social pension program, the *Cuna*



Más early childhood development program, and *FONCODES*, a small-scale public investment program aimed at increasing employment and improving access to social services.

b. Were the project objectives/key associated outcome targets revised during implementation?
No

c. Will a split evaluation be undertaken?
No

d. Components

The project included five components:

Component 1: Quality improvement of MIDIS's programs (appraisal estimate US\$3.53 million, actual US\$3.53 million): This component was to finance the design and piloting of activities aimed at improving the quality control of MIDIS social assistance programs, by: (i) developing user participation and accountability mechanisms for MIDIS programs; ii) designing and piloting local coordination methodologies and tools for MIDIS programs; (iii) improving the Household Targeting System's (SISFOH) internal and external communication and coordination mechanisms; and (iv) strengthening administrative processes of MIDIS programs.

Component 2: Improving knowledge management, information, and communication (appraisal estimate US\$3.73 million, actual US\$3.73 million): This component was to finance the provision of support to strengthen MIDIS information systems to collect, process, and produce data to enhance decision-making processes, by: (i) designing an integrated multi-sectoral information platform for social policy decision making, including the development of data models; (ii) strengthening the management information systems of the *Qali Warma* (school feeding) and *Pension 65* (social pension) programs; and (iii) improving MIDIS administrative and communication systems.

Component 3: Strengthening of MIDIS's capacity on results orientation, monitoring, and evaluation (appraisal estimate US\$3.49 million, actual US\$3.49 million): This component was to finance the development and implementation of a social policy monitoring and evaluation system by developing tools to collect data and analyze indicators of social policies, including MIDIS programs, through: (a) the development of a monitoring dashboard for chronic infant malnutrition and the mechanisms to analyze and use the information produced by said dashboard; (b) the creation of an elderly observatory to support the development of an integrated strategy for the elderly; (c) the systematization of pilot experiences of application of social policy; and (d) the carrying out of evaluations of national social policy and programs.

Component 4: Strengthening of human resource management and capacity (appraisal estimate US\$2.29 million, actual US\$2.29 million): This component was to finance the provision of support to design and implement a continuous capacity building and training program for public officials implementing



social policy, by: (i) designing and carrying out capacity-building activities for public officials involved in policy planning, budgeting, and implementation of social inclusion programs; (ii) creating a guidance and counseling program for local *Juntos* promoters; and (iii) developing a capacity-building and certification program for qualified local and regional coaching professionals to create a network of MIDIS-certified local professionals.

Component 5: Support to project administration (appraisal estimate US\$1.24 million, actual US\$1.24 million): This component was to finance activities related to management and implementation of the project, including the strengthening of the Sectoral Loans Cooperation Unit (UCPS, the project implementation unit) team to be able to facilitate, coordinate, and monitor implementation.

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

Project Cost: The project's estimated and actual cost was US\$14.3 million.

Financing: The project was to be financed by a US\$10 million loan, of which US\$9.19 million was disbursed.

Borrower Contribution: The Borrower was to contribute US\$4.29 million, which did not materialize. However, according to the Bank team (February 9, 2019), since the project partially funded the implementation of key systems and programs for the entire operation of MIDIS, the amount of resources allocated by the government to the Ministry could be considered as counterpart funding.

Dates: The project was restructured twice:

- On December 13, 2016 the project was restructured to extend the closing date from January 31, 2017 to June 30, 2017 to ensure the sustainability of implementation of activities with the remaining loan amount resources, and to confirm that those activities in process were aligned with the priorities established by a new government administration following general elections earlier in 2016.
- On June 15, 2017 the project was restructured to extend the closing date from June 30, 2017 to March 31, 2018 to allow for the use of remaining resources for activities that would support MIDIS in responding to the flooding emergency caused by El Niño Costero, and to ensure the completion of some pending project activities.

3. Relevance of Objectives

Rationale



According to the PAD (p. 2), despite Peru’s strong recent economic performance and significant decline in poverty rates, disparities persisted across the country. In 2011, 56 percent of the population in rural areas lived below the poverty line. The poverty rate was 32 percent among indigenous people and 20 percent among the non-indigenous population. In order to address these inequalities, the government implemented numerous social assistance policies and programs under the 2007/2008 "Include for Growth" strategy, including the conditional cash transfer program *Juntos* and the Social Fund of Cooperation for Social Development (*FONCEDES*). However, these activities were implemented in a fragmented manner, producing mixed impact on the target population. In order to address these challenges, the government established a new Ministry of Development and Social Inclusion (MIDIS) in 2011. The aim of the new ministry was to implement and consolidate programs dispersed in different sectors and ensure a unitary institutional framework to improve coordination and align program objectives with social policy priorities.

The project's objectives were fundamentally to support this new Ministry and its aim of reducing fragmentation. The objectives were in line with the Bank’s Country Partnership Strategy (2012-2016) at appraisal, which contained two strategic goals: to increase access and quality of social services for the poor, and to connect the poor to services and markets. The objectives of the project were also in line with the Bank’s most recent Country Partnership Framework (2017-2021), which focuses under pillar two on “services for citizens across the territory.”

Rating
High

4. Achievement of Objectives (Efficacy)

Objective 1 **Objective**

To improve the performance of MIDIS’s programs

Rationale

The project’s theory of change connected improving SISFOH’s performance, strengthening transparency and accountability practices as part of program management, strengthening MIDIS communication management, improving results-oriented human resource management practices, strengthening MIDIS evaluation policies and practices, and integrating the MIDIS information platform to monitor policy outcomes, with improving MIDIS capacity and systems to administer programs and to coordinate, monitor, and evaluate social inclusion policies.

Outputs



- Technical assistance was provided on development of organizational regulations and standards for MIDIS, including consolidation of budgets for each of the programs MIDIS manages and associated organizational strengthening and streamlining. Capacity development was supported at MIDIS liaison offices operating in all 26 regions.
- MIDIS norms to ensure appropriate human resource management processes were developed. MIDIS introduced three results-oriented human resource management practices, achieving the target. These three practices included: 1) approving a methodology to be used for standardization; 2) analysis of times and frequencies to determine staffing by unit; 3) elaboration of key documents, including a manual of job profiles, and assessment and tables of positions of the ministry. A Performance Incentive Fund was established, and a budgetary agreement with the Ministry of Finance was put in place.
- A national communications strategy for MIDIS was put in place that included different approaches for different population groups, achieving the target.
- Three operation rules were designed to coordinate interventions to reduce chronic malnutrition, surpassing the target of two operation rules. A national strategy to prevent anemia was developed.

Outcomes

- MIDIS has certified the quality of its processes through the International Organization of Standardization (ISO) 9001:2008 international standard on quality management. This certification was awarded to several programs, including *Pension 65*, *Qali Warma*, *Juntos*, *Cuna Más*, and *FONCODES*. The information systems that support MIDIS business processes were certified with the ISO 27001:2014 award.
- Between March 2013 and May 2018, the coverage of *Cuna Más* increased from 61,430 to 165,449 children. The coverage of *Juntos* increased from 650,252 to 706,646 households. The coverage of *FONCODES* increased from 123,921 to 512,328 users. The coverage of *Pension 65* increased from 253,661 to 541,240 elders. The coverage of *Qali Warma* increased from 2,657,485 to 3,720,090 children. In addition, two new interventions were added: *Contigo* (targeted disability allowance) reaching 14,623 beneficiaries, and the Action Plans for Social Inclusion providing services to 268,924 beneficiaries in remote and hard-to-reach areas. While these increases in coverage cannot be solely attributed to project implementation, the project supported critical aspects to ensure more efficient management of MIDIS and its systems, which plausibly contributed to these increases.

Rating

Substantial

Objective 2

Objective

To monitor social inclusion policy

Rationale



Outputs

- In 2016, the National Registry of Social Programs was launched with the aim to establish a centralized repository of information on public interventions. The registry includes information such as objectives of each program, the sectors responsible for implementation, targeting criteria, territorial scope, and coverage. A National Social Registry was also set up to compile information on the beneficiary populations of programs systematized under the Registry of Social Programs.
- SISFOH, the national household targeting system, was moved to MIDIS. SISFOH improved its data collection systems by adapting processes for the rapid verification of basic household data through database cross-checks and household visits conducted by Local Registration Units (ULEs). The project provided ULEs with training and technical assistance to improve rapid verification processes. 100% of ULEs were interconnected and their staff were trained on standardized practices, achieving the target. In addition, the project supported the development of the Law of the National Focalization System (SINAFO), a national targeting system designed to apply SISFOH to other sectors, allowing for cross-check with databases managed by different sectors in addition to establishing beneficiary entry and exit criteria for each targeted program.
- The project contributed to the launch of InfoMIDIS, a digital platform that includes data on geographic coverage of programs and the main outcome indicators of MIDIS policy, supporting more efficient implementation of social programs.
- The project provided technical assistance to the development of REDinforma, a dashboard-based repository where multi-sectoral databases are centralized, stored, and updated to provide real-time reports on beneficiaries of government programs.
- The project supported the development of My Region and MIDISrito, information platforms for monitoring regional and district-level social program indicators.
- Support was provided for establishing grievance redress mechanisms for MIDIS programs, through which program beneficiaries can raise concerns or complaints about the implementation of programs, and/or issues with the socio-economic categorization they had received by the targeting system.
- Seven MIDIS programs and policies were evaluated, surpassing the target of six programs or policies. The ICR neither reports on the programs evaluated nor on the actions taken in response to these evaluations.
- MIDIS monitored infant malnutrition and development plan indicators at the regional level for 26 regions, surpassing the target of 10 regions.
- MIDIS implemented an integrated information system for four programs, achieving the target of four programs.
- Three key monitoring and evaluation, and coordination mechanisms were established, achieving the target.

Outcomes

- MIDIS started to operate in a de-concentrated way across the country's territory, achieving the target. This outcome indicator measured the number of functional liaison offices that MIDIS established at the regional level to improve coordination between different stakeholders. Successive steps were achieved in consecutive years. In year one, MIDIS premises (or decentralized ministerial offices) were operating in each territory and were using planning tools designed to facilitate territorial coordination. In year two, MIDIS



premises were using a common information system. In years three and four, MIDIS premises were using evaluation and monitoring tools designed to facilitate territorial coordination.

Rating
Substantial

Rationale

The achievement of both objectives was Substantial. With project support, formerly separate social programs were integrated under the MIDIS umbrella, and there is substantial evidence of improved coverage, and monitoring.

Overall Efficacy Rating
Substantial

5. Efficiency

Economic Efficiency

Neither the PAD nor the ICR included a traditional economic analysis but instead focused on the efficiency gains the project was trying to achieve. The PAD (p. 17) noted the principles of cost-effectiveness on which the project's design was based: (i) the emphasis on activities that maximize benefits for users, as measured by the development of accountability mechanisms in social programs; (ii) the focus on implementation of cost-effective social inclusion reforms (such as support for the implementation of a decentralized school feeding program and alternative modalities for payment of social pension transfers); (iii) support for reforms that allow for integration along several dimensions including activities in the field, information systems, communications, and monitoring and evaluation, thereby gaining from economies of scale; (iv) support for improvements in targeting systems that allow for reduced errors of inclusion; (v) strengthening of monitoring and evaluation systems to provide practical recommendations to programs on how to become more cost-effective; and (vi) support for local capacity development at low cost and focus on results to ensure that training leads to effective interventions.

The ICR (p. 14) stated that a traditional efficiency calculation was not applicable, as this was a technical assistance project. Instead, the ICR mainly focused on operational/administrative efficiency.

Operational Efficiency



According to the ICR (p. 15), the project was based on the previous DPL, resulting in a short preparation phase of only ten months between concept state and effectiveness. The ICR (p. 18) stressed that, even though the project’s financial contribution was marginal, the project was able to leverage this relatively small investment into significant outcomes. While the project was initially planned as technical assistance to support the DPL, it eventually "had a very independent implementation track" (ICR, p. 6), outliving the DPL by more than four years. Financial management and procurement were efficient (Section 10b).

There were minor shortcomings in implementation efficiency. There were minor start-up delays due to the project's novelty and some organizational rearrangements for the implementation unit, resulting in the first extension of the closing date. In addition, MIDIS experienced five ministerial changes (including two changes in the executive branch) over the project's lifetime, realigning priorities that required shifts in technical teams.

Overall, efficiency is rated Substantial.

Efficiency Rating

Substantial

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

Relevance of the project's objectives is rated High, given alignment with sector conditions and the Bank’s most recent Country Partnership Framework. Efficacy and Efficiency were rated Substantial. The overall outcome rating is therefore Satisfactory, indicative of only minor shortcomings in the project's preparation and implementation.

a. Outcome Rating

Satisfactory



7. Risk to Development Outcome

The project built institutional capacity by fostering cooperation between the Ministry of Economy and Finance and MIDIS. It included activities that strengthened the sector's institutional processes linked with improvements in service delivery to citizens. Technical assistance provided under the project supported management improvements that are likely to be sustained, strengthening overall MIDIS stewardship of the sector. In addition, MIDIS has developed a network of social workers who can liaise between the different programs to allow for more coherent and coordinated implementation.

However, according to the ICR (p. 26), the sustainability of the project's outcomes faces several risks. First, MIDIS is a relatively new and "volatile" institution. It has recently undergone several administrative changes resulting in new policy priorities and changes in previously approved policies. Along these lines, the ICR specifically cited the 2017 Include to Growth Strategy, whose proposed revision to serve specific vulnerable populations was ultimately not approved. Second, MIDIS might face challenges in implementing its policies on the district and regional levels; the MIDIS liaison offices will be particularly important in this regard.

8. Assessment of Bank Performance

a. Quality-at-Entry

According to the ICR (p. 20), the project benefited from the Bank's extensive experience in cooperating with the government to reduce poverty and inequality in Peru. The ICR (p. 21) stated that the project's flexible design was beneficial in allowing the Bank to respond to changes in sector priorities. For example, when the Incentive Performance Fund was established during implementation, the project was able to use it as the main instrument to monitor the early childhood development program. The project's Results Framework was adequate (see Section 9a). The ICR (p. 25) also stated that the Bank team had sound technical expertise and identified relevant risks at the political, institutional, and operational levels during project preparation. The risk of weak capacity posed by the establishment of a new ministry and the governance risk of governance due to a changing political environment were both rated as Substantial. The Bank conducted assessments to identify potential implementation bottlenecks related to these risks and identify appropriate mitigation measures. The capacity of UCPS was strengthened to oversee project implementation and prepare procurement and financial reports. According to the ICR (p. 25), the signing of an initial agreement between MIDIS and UCPS was a key step in defining responsibilities and improving coordination between the two entities.

Quality-at-Entry Rating
Satisfactory



b. Quality of supervision

According to the ICR (p. 25), the Bank conducted regular supervision missions that allowed the identification of implementation bottlenecks in advance and strengthened collaboration with the government's technical and fiduciary teams. The Bank provided timely technical assistance to units within MIDIS and provided appropriate and timely feedback and support to the UCPS in regards to fiduciary and administrative management. The Bank was able to mobilize additional financing through a Trust Fund to support an emergency response to the natural disaster in January 2017. Coordination with other Bank-financed projects was strong, particularly with the Results for Nutrition SWAP (P117310), which was managed by the same implementation unit and included support for the *Juntos* conditional cash transfer program. Safeguards compliance was satisfactory.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The M&E design and arrangements were well embedded institutionally. MIDIS was to collect, analyze, and present data and reports as part of annual reviews throughout the implementation period. The objectives of the project were clearly specified, and the theory of change linking key activities to intended outcomes was reflected in the Results Framework. However, the selected indicators were rather generic and did not measure all aspects of the PDO statement well. In addition, none of the outcome or intermediate outcome indicators included in the Results Framework had a baseline. According to the ICR (p. 22), more specific definitions of indicators had to be added during project implementation in order to connect the project's indicators more clearly with data collected by MIDIS systems. Some data, such as the indicator on monitoring infant malnutrition in each region, ended up being collected by the Incentive Performance Fund.

b. M&E Implementation

According to the ICR (p. 22), the General Directorate of Monitoring and Evaluation (DGSE) conducted several impact evaluations of MIDIS programs, including *Juntos* and *Pension 65*. According to the Bank team (February 9, 2019), DGSE monitored all indicators included in the Results Framework on a regular basis. In addition, a process evaluation for *Qali Warma* and a methodological note for its impact evaluation were formalized. MIDIS has published an online repository including all the evaluations conducted over the project



period. MIDIS has also developed a virtual platform that brings all the different programs' monitoring tools together and publishes on a monthly basis updates on coverage indicators down to the district level, as well as yearly data on financing of investment projects implemented by the Economic Inclusion Fund for the Rural Areas (FONIE). According to the Bank team (February 9, 2019), these data sets are of good quality and reliable.

c. M&E Utilization

According to the ICR (p. 23), the project's M&E systems were used to inform progress toward achievement of the objectives. The MIDIS data repository aims to support the exchange of knowledge and information among all public institutions in a planned, timely, and precise manner.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as environmental assessment category C and triggered the Bank's safeguard policy OP/BP 4.10 (Indigenous People), as the project supported activities by MIDIS that were to be implemented in areas with a significant presence of indigenous people. According to the ICR (p. 24), during project preparation MIDIS and the Bank conducted a social assessment to ensure that implementation of project activities was adapted to indigenous needs. MIDIS also developed an indigenous people's strategy that was discussed with indigenous people's organizations and technical experts. The strategy identified 12 issues through the conducting of a social diagnostic and 18 recommendations, including capacity building for social workers and facilitators at the local level on sensitivity issues for the indigenous population. The ICR (p. 24) stated that MIDIS implemented these actions in a timely manner.

b. Fiduciary Compliance

Financial Management

The ICR (p. 24) stated that the project's financial management performance was rated Moderately Satisfactory throughout project implementation. During project preparation, the project's financial management risk was rated Moderate. Financial management responsibilities were split between MIDIS and the Ministry of Economy



and Finance's Technical and Financial Coordination and Cooperation Unit (UCCTF). According to the ICR (p. 24), the auditor's opinion was unqualified for all the reports issued during implementation, and all audit reports were submitted on time. Budget preparation was clearly defined, financial reports were used to monitor progress, and approval and authorization controls were well documented. The project faced some minor financial management challenges, such as discrepancies in unaudited interim financial reports, delays in documentation of expenditures during 2016 and the first half of 2017, and a low level of budget execution through part of 2016 because of weak coordination between MIDIS and UCCTF; these issues were promptly addressed.

Procurement

UCCTF was responsible for procurement. According to the ICR (p. 24), procurement was rated Satisfactory in the Bank's latest Implementation Status and Results Report. UCCTF conducted three ex-post procurement reviews (June 2015, March 2016, and July 2017). The recommendations of these reviews, in addition to findings from supervision missions, were shared with the project to improve procurement processes and were included in the action plans of ex-post reports.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	---
Bank Performance	Satisfactory	Satisfactory	---
Quality of M&E	Substantial	Substantial	---
Quality of ICR		Substantial	---

12. Lessons

The ICR (p. 27-29) provided useful lessons learned, adapted here by IEG:



- **When designing a technical assistance operation, it is useful when the objective is well defined but the instrument can be used in a flexible manner.** In this project, the objectives of the project were quite broad and well aligned with the needs of the sector and the new ministry, leaving room for the project to be flexible in adding, testing, and revising innovative activities throughout implementation when needed. This approach appreciated by the government, which was faced with less flexibility in use of its own resources.
- **Combining different innovative financing methods allows for a long-term engagement to achieve the desired development outcomes.** This project was part of a long-term partnership between the government and the Bank and was to provide the financial resources to initiate and sustain policy reforms that were triggered by the Social Inclusion Development Policy Loan. These two different instruments in combination facilitated addressing the technical and policy needs of the sector over two decades.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided a solid overview of project preparation and implementation. It was internally consistent. It highlighted effectively the synergies between this project and the development policy operation the project was initially intended to support. However, the ICR's efficacy section lacked clear structure in regards to the results chain, without a clear sense of the linkages between outputs and outcomes specific to each of the project's objectives.

a. Quality of ICR Rating

Substantial