Towards Peru’s Second Generation of Reforms on Early Childhood Development

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I. Introduction

The objective of this chapter is to provide an overview of some of the current challenges on the Early Childhood Development (ECD) agenda in Peru, and how Social Protection can contribute overcoming such policy challenges by enhancing access to key services for targeted vulnerable populations, incentivizing the take-up of such services and enhancing coordination between different levels of government. After having secured a sustained stunting reduction over the past decade, the present chapter explores the following questions: what are the next ECD challenges for Peru in the medium term? What contributions can social protection programs offer to close these gaps? How the Bank has provided technical assistance? Finally, the chapter closes with policy recommendations that would help to shape the next phase of engagement between the Bank and the Government, particularly on the Human Capital agenda.

II. Background

1. The Peruvian Government requested the Bank’s technical assistance to identify and design options to increase the efficiency and effectiveness of social inclusion programs at the national and subnational levels, prioritizing integrated service delivery in territorial units.

2. At the moment of the concept stage of the technical assistance the Ministry of Development and Social Inclusion was updating the national development and social inclusion policy, setting as its main objective to "promote the social and economic inclusion of the poor and vulnerable through their equitable access to a structure of opportunities aimed at the development of their individual and collective capacities and competences, allowing them to overcome this situation in a sustainable way, and achieve social development." The revised policy was based on a life cycle approach and organized in four pillars: (i) early childhood development, (ii) comprehensive development of children and adolescents, (iii) economic inclusion for the youth and adults, and (iv) elderly well-being. The policy proposes a management model based on results, guided by standards of quality, efficiency, effectiveness, sustainability, ethics and transparency at the national, regional and local levels.

3. The Bank’s technical assistance intended to provide inputs to operationalize the four pillars of the national development and social inclusion policy through the identification of options to strengthen integrated social inclusion services at the national and subnational levels. To do so, the Bank was going to provide the following analytical pieces: 1) Stock-taking of potential areas of improvement in social/productive inclusion programs; 2) a Technical Note with recommendations to improve management and increase the efficiency and effectiveness of social inclusion programs and systems; and 3) Support to MIDIS’ strategy to reduce the high prevalence of anemia. Deliverables 1 and 2 were linked to the new national development and social inclusion policy.

4. Likewise, MIDES was facing political pressure as the rates of Anemia stagnated at around 43 percent, affecting an important number of children receiving benefits provided by MIDIS. The Ministry is currently in charge of implementing a multi-sectorial strategy to tackle determinants of anemia, complementing the roles of the Ministry of Health. There is an important potential role to be played by interventions such as Cuna Mas, to provide nutrition counseling and
parenting sessions as part of the implementation schemes of the program, to ensure that families and communities adopt practices to prevent anemia. Likewise, Juntos could reinforce early affiliation processes to refer children under 6 months of age, so they receive the appropriate iron supplementation provided by MINSA.

5. In March 2019, a new Minister was appointed. Even though the new national development and social inclusion policy remain important, it was not a top priority for the new administration. The new Minister requested the Bank’s support to increase the scope of the third deliverable from a focus only in Anemia to a more comprehensive focus on Early Childhood Development and Nutrition, becoming providing ECD and Nutrition services a top priority of the new administration. The Bank team then modified the technical assistance outputs to include:
   a. An analytical piece on a package of instruments to increase efficiency and effectiveness of social inclusion programs to change behaviors on nutrition / anemia (Rapid SMS-Juntos and Cuna Mas);
   b. A Stock-taking of potential areas of improvement in performance-based incentive on ECD and Nutrition mechanisms to improve coordination between MIDIS and the Regional Governments (FED - Fondo de Estímulo al Desempeño); and
   c. An analytical report on activities carried-out in supporting MIDIS’ strategy to reduce the high prevalence of anemia.

6. The three analytical pieces have contributed to the design of a Development Policy Financing (DPF) Operation on effective policies for human capital accumulation. The Social Protection Pillar has the objective to improve the delivery of social protection and Early Childhood Development services. The social protection pillar supports three policy areas: (i) establishing a Results-Based Budgeting Program for ECD, (ii) strengthening decision-making based on integrated Social Protection Systems, and (iii) enhancing territorial coordination for effective delivery of ECD services and results.

III. Country Context

7. **During the last decade, Peru has undergone great economic and social changes.** Between 2002-2018, real Gross Domestic Product (GDP) grew at an average rate of 5.3 percent, far exceeding the 2.7 percent growth rate for the region. Such high rate of growth enabled Peru to double its per capita income and reach upper middle-income status in 2008. The prolonged period of high growth was equitable and conducive to poverty reduction. The poverty rate fell from almost 60 percent in 2004 to 20.7 percent in 2016, and inequality fell substantially from 0.50 to 0.44 in that period. Peru made substantial progress in cutting infant stunting in half from 28.5 percent in 2007 to 14 percent by 2017. Peru’s extraordinary rapid and pronounced progress in cutting infant stunting place the country as a world leader in this effort. Peru’s experience also provided lessons learned for other countries, Peru has hosted several countries for South-South Knowledge Exchange Tours such as Rwanda, Malawi, Indonesia, Cameron, Madagascar and Ecuador.

8. **A combination of economic growth and the implementation of a comprehensive set of social policies and programs put Peru in the forefront on the fight against childhood malnutrition.** The reforms start in 2005 and intended to address the supply and demand sides of nutrition services and strengthen the governance of the social sector. On the supply side, more resources were allocated to key preventive services provided by the Ministry of Health (MINSA) for pregnant
women and infants. Monitoring of service provision was improved and economic barriers to accessing services were removed through the expansion of the health insurance program (Seguro Integral de Salud-SIS). On the demand side, the Juntos conditional cash transfer (CCT) program provided incentives for the use of health and nutrition services among the poorest households, and public efforts were made to improve the understanding of nutritional standards by the population. The National Strategy to Combat Malnutrition (CRECER), launched in 2007, aimed at coordinating several public agencies and sectors under the leadership of the Inter-ministerial Commission for Social Affairs. CRECER was the first successful experience of intersectoral and intergovernmental coordination, focusing on poverty and stunting reduction in the 800 poorest districts. This approach also emphasized the important role of subnational governments in achieving population nutrition goals.

9. **Strong political commitment, smarter policies focused on evidence, incentives and results, including a behavioral change approach were key elements of Peru’s success.** The Results-based budgeting (RBB) reform—initiated in 2008—introduced a set a common outcomes, indicators, and budget allocation criteria to multisectoral programs. The objective was to ensure that all levels of government were aligned to achieve the same set of results. At the same time, the improvement of the SISFOH targeting system—which uses a proxy means test to assign socio-economic classification to households—and the establishment of registries for social program users and for children (linked with a unique ID number – Padron Nominal) facilitated the targeting of areas and households in most need. With these mechanisms in place, the Articulated Nutritional Program (Programa Articulado Nutricional, PAN)—launched in 2008—was able to achieve a rapid decrease of childhood stunting in rural areas. Cash transfers were also provided through MIDIS, targeting districts and households with the greatest needs. The creation of a targeted ECD intervention—although limited in scale—“Cuna Mas” contributed as well. Cuna Mas provides appropriate daycare and coaching/parenting services to targeted families with children between 0 and 36 months of age.

10. **In 2011, the Government of Peru (GoP) created the Ministry of Development and Social Inclusion (MIDIS) to consolidate the management of various previously fragmented social policies and programs.** MIDIS was in charge of two roles: (i) being the provider of targeted programs aimed at reducing poverty; and (ii) being the steward of the National System of Development and Social Inclusion (SINADIS). Since its creation, MIDIS has provided a common framework for the development of social inclusion policies and interventions aimed at developing a comprehensive multisectoral social protection system. The result was a strengthened safety net system comprised of five social programs: Juntos (conditional cash transfers); Qali Warma (school feeding); Cuna Más (early childhood development); Pension 65 (non-contributory transfers for the elderly); and the FONCODES Social Fund, which includes a productive inclusion intervention Haku Winay. Over the last six years, safety nets provided through MIDIS increased their coverage in around 50 percent through the inclusion of new users and the creation of new services – see **Table 1.** In addition, Evaluations carried out on several MIDIS programs have shown positive effects, particularly in increasing the demand for health and nutrition services (Juntos), in certain areas of childhood development (cognitive and language skills: Cuna Mas), and in improving households’ capacities to generate income (Haku Winay); thus, ensuring that users are able to invest in the human capital development of their children.
<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Coverage October 2012</th>
<th>Coverage April 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contigo</strong></td>
<td>Non-contributory pension to people with severe disability in poverty situation</td>
<td>New program</td>
<td>19,824 beneficiaries</td>
</tr>
<tr>
<td><strong>Juntos</strong></td>
<td>Conditional Cash Transfer that aim to break intergenerational poverty and generate human capital in poor households</td>
<td>573,016 households</td>
<td>697,794 households (141,674 are children under three years)</td>
</tr>
<tr>
<td><strong>Qali Warma</strong></td>
<td>National Program of School Feeding to guarantee the delivery of food for public institution for students from 3 years old until primary education.</td>
<td>New program</td>
<td>3,764,286 children</td>
</tr>
<tr>
<td><strong>Foncodes Haku Winay</strong></td>
<td>Program that works to generate sustainable economic opportunities for extreme poor rural households, facilitating the articulation between private actors on the demand side and the supply of goods and services that are required to strengthen the enterprises of these households</td>
<td>New program</td>
<td>209,555 households</td>
</tr>
<tr>
<td><strong>Cuna Más</strong></td>
<td>It is a program to improve children development under 3 years of age in areas of poverty and extreme poverty, to overcome the gaps in their cognitive, social, physical and emotional development.</td>
<td>New Program</td>
<td>59,861 children (Day Care intervention) 110,579 Children (Direct Family Support intervention-home visits)</td>
</tr>
<tr>
<td><strong>País</strong></td>
<td>Bring the GoP’s services closer to the most vulnerable population in dispersed rural areas.</td>
<td>New Program</td>
<td>205,995 services provided</td>
</tr>
<tr>
<td><strong>Pensión 65</strong></td>
<td>Protects adults over 65 years of age who are in extreme poverty, providing them with a</td>
<td>193, 774 beneficiaries</td>
<td>540,005 beneficiaries</td>
</tr>
<tr>
<td>Program</td>
<td>Description</td>
<td>Coverage October 2012</td>
<td>Coverage April 2019</td>
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<tr>
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<tr>
<td></td>
<td>monetary cash transfer of S/.250 every two months.</td>
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</tbody>
</table>

Source: MIDIS, 2019

11. **Early childhood development (ECD) has been one of the main pillars of the social development and inclusion policy since the creation of MIDIS.** The GoP’s focus on ECD has been institutionalize through several recent policy documents and strategies to improve intersectoral and intergovernmental coordination for service delivery. These include the 2013 *Incluir para Crecer* National Development and Social Inclusion Strategy, the 2016 *Primero la Infancia* ECD strategy, and the 2018 Multisectoral Plan for the Fight Against Anemia (*Plan Multisectorial de Lucha contra la Anemia*, PMLCA). The focus on anemia has been identified as the next main challenge after stunting to be addressed as a key priority to improving ECD outcomes. Under the leadership of MIDIS, the GoP is adopting a multisectoral “whole-of-government” approach to improving the access and quality of ECD services for the poorest children. This includes strengthening the territorial coordination of social inclusion policies and programs; restructuring the comprehensive National Targeting System (*Sistema Nacional de Focalización de Hogares*, SINAFO), which would subsume SISFOH; and ensuring that a comprehensive package of ECD services is adequately financed through RBB and effectively delivered at the local level.

12. **Despite impressive advances in reducing poverty rates and malnutrition, disparities persist across the country, especially affecting indigenous populations and people living in rural areas.** In 2011, poverty reduction was uneven across the country: high poverty rates were persistent in rural areas (56 percent). The share of people living under the poverty line in the *Sierra Norte* doubled the national average (61 percent versus 28 percent), while in the central coast only 10 percent of people were poor. Indigenous populations were more likely to be excluded from socio-economic development, with poverty among them reaching 32 percent versus 20 percent for non-indigenous in 2011. The highest percentage of people without healthcare access had an indigenous language as their mother tongue (*Quechua*, 61 percent of exclusion; *Aymara*, 80 percent), and indigenous peoples’ life expectancy was 30 years shorter than non-indigenous peoples. This imbalance was mainly due to an uneven access to basic services and an historic neglect of these populations by the State.

IV. **Peru’s Challenges to continue the positive trends on ECD outcomes**

3.1 **Peru’s ECD and Nutrition challenges**

13. **Stunting is decreasing at a much slower pace and remains a challenge.** In 2016, stunting rates were still 26.5 percent in rural areas compared to 7.9 percent in urban areas. Although urban areas have lower stunting rates than rural areas, urban malnutrition has stagnated over the past five years. This has highlighted the need for different strategies to tackle malnutrition in such a diverse country. One size does not fit all, with urban areas and rural areas with a significant indigenous population needing their own tailored approaches to reduce stunting. In the same year, stunting rates for children speaking *Quechua* or Amazonian languages were, respectively,
three and four times higher than the rates for Spanish speaking children. In addition, there are a series of challenges that inhibit the effective human capital development for many Peruvian children.

14. **Anemia is a serious challenge for Peru as rates remain at 43 percent nationally.** Prevalence of anemia declined approximately by 15 percentage points between 2007 and 2011 (56 percent to 41 percent, respectively); since then, it stagnated at around 43 percent. Anemia rates are much higher 53.6 percent among children under 2 years old and to a staggering 70 percent among children between 6 to 12 months—see

15. **Figure**. Anemia during early childhood and specifically in the first year of life can have lasting impacts on brain development leaving long-term behavioral and cognitive impairments.

**Figure 1: Stunting in children under 5 years old**

![Graph showing stunting rates](image)

*Note: The ENDES survey began in 1986 and collected demographic and health data, including anthropometrics, every five years until 2000. In 2004, ENDES moved to a continuous survey scheme, collecting data every year. However, the sample was not initially designed to estimate the prevalence of malnutrition. In 2007, with the launch of Results-Based Budgeting, the sample size of the continuous survey was increased to be sufficient to estimate the prevalence of malnutrition by department starting in 2008. Given the sample design, estimates of malnutrition were available for 2005 and 2007, and on a yearly basis after 2008.*

*Source: ENDES.*

16. **Moreover, there are still substantial regional and demographic differences in human development outcomes.** Anemia and stunting rates continue to be higher in rural areas, especially in the Highlands (55.9 percent) and the Amazon (57.0 percent)—see Figure 2. In 2016, lower quintile children from 6 to 36 months have twice the highest proportion of anemia (53.8 percent) compared to non-poor children (28.4 percent). In addition to geographic disparities, there are also ethnic and gender disparities. The anemia rate in indigenous children, for instance, is 63.8 percent.
17. The causes of anemia in Peru are well known, iron deficiency during pregnancy and childhood. Iron deficiency can be caused by low levels of iron consumption and poor iron absorption both during pregnancy and during childhood. During the second and third semester of life children require increased quantities of iron for brain development. The amount of iron children can receive through breast milk and complementary feeding are typically insufficient to meet this need, therefore making iron supplements necessary. The GoP recently changed its policy towards iron supplementation, making it a norm to begin iron supplement drops at month 4. To effectively
prevent anemia for children under 36 months early interventions are necessary, as early as the first 6 months of life, which is the time for the highest levels of iron intake.

18. The Social Protection System in Peru could be strengthened to improve its contributions to the ECD agenda. These contributions are related to: (i) improving the targeting system to move towards an integrated database that will allow for the early identification of all families and children with needs to access to preventive interventions (integrated ECD package – includes CRED, ID, vaccines and parenting/coaching trainings) (Cuna Mas); (ii) developing an integrated package of ECD services and improving monitoring of these services at the local, regional and national levels; (iii) contributing to an improved management of social services at the district level, where there is a lack of coordination to implement interventions.

3.2 Institutional Challenges: The role of MIDIS

19. Before the launching of MIDIS, Social protection programs in Peru were characterized by a high heterogeneity with different goals, target populations, eligibility criteria and institutional structures. Before 2012, social protection in Peru was characterized by a high number of programs being implemented by several agencies, including the Ministry of Labor, Ministry of Women, the Presidency of Council of Ministers and others. Programs included food assistance interventions (with no evaluations, or preliminary assessments showing no impact on nutritional status), cash transfers and other productive interventions.

20. The MIDIS has a central role on designing and implementing ECD policies. MIDIS is responsible for coordinating the multi-sectoral commission in charge of the Early Childhood strategy and its action plan. This role permitted to ensure coherent and consistent nutrition policies across government, particularly for targeting, coordination and evaluation. The strategy included Incluir para Crecer (Inclusion for Growth), which set an ambitious target to reduce stunting further by 13 percentage points in five years. Incluir para Crecer was designed to follow a life-cycle approach and targeted five outcomes including the reduction of malnutrition and improvement of early childhood development to foster opportunities and provide early stimulation.

21. The MIDIS also launched the Cuna Mas early childhood development program for children under 36 months living in poverty, providing day care and home visiting services. Cuna Mas was created in 2012 to provide comprehensive childcare to vulnerable children below three years of age, in poor urban and rural districts. These regular childcare services included growth monitoring and home visits to families with children at risk of suffering malnutrition. In addition, the MIDES established a school feeding program called Qali Warma and closed the Government’s agency responsible for the food distribution program known as PRONAA. Peru’s goals to increase the

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2 For a more detailed relation on these programs, see the annexes.
3 PRONAA was created in 1992 to provide food assistance to rural and isolated areas. PRONAA typically distributed a food package that included rice, soup, cereals and vegetable oil (Alcazar, 2007). In 2012 PRONAA was closed due to significant deficiencies that pointed to problems of low coverage and high inclusion errors, sub-optimal planning, purchasing, delivery and storage processes causing delays and incomplete rations, and a big difference between the amount of food delivered and the amount effectively consumed by the beneficiaries (MIDIS, 2013). A new program, Qali Warma, was created immediately to replace feeding programs for school-aged children. It worked in collaboration with local communities and promoted local food diversity. These programs do not benefit children during the window of opportunity of the first 1,000 days to prevent stunting, but they can be helpful in providing implicit transfers to poor families, encouraging school attendance and providing a vehicle for nutrition for school
quality of children’s nutrition and reduce stunting rates remained firmly at the top of the political agenda.

22. **MIDIS and MEF created the FED, an incentive-performance fund specifically designed to coordinate and achieve ECD goals at the subnational level.** FED aimed at contributing to infant nutrition and early childhood development, incorporating different key sectors such as Health, Education, and Housing Sectors. FED includes four packages of ECD and nutrition services: 1) services for pregnant women; 2) health care, nutritional supplementation, family support and access to identity for children under 2 years; 3) access to early education for children between 3 and 5 years old; and 4) Access to chlorinated water for human consumption. The central government (Minister of Finance and MIDIS) through intergovernmental agreements with the subnational governments (Gobiernos Regionales) provide monetary incentives based on the results achieved on the coverage and implementation of the four packages. The instrument is powerful because it allows generating the necessary articulation to implement ECD and nutrition services between the central level to the regional level. FED innovative approach also allowed for pregnant women and their children to receive a package of services recognizing the importance of delivering a complete package of services to “the same person.” The Figure 4 shows the logic of the FED system. According to this chain, for the achievement of the results, it is necessary to increase the coverage of services as well as their quality. In 2014, FED had a budget of roughly US$30 million to be allocated to regional governments based on their compliance with commitments to provide services to pregnant women and children up to five years of age.

![Figure 4: FED’s process](image)

23. **Despite all the progress, the MIDIS still face several challenges to reinforce its contribution to ECD policies.** MIDIS still face several challenges to reinforce its coordinating role for ECD and Nutrition policies. Among these there are: (i) strengthening coordination of MIDIS programs at the local level (regions and districts); (ii) escalating linkages with interventions delivered by other children.
relevant sectors (Health, Education, Housing); and (iii) consolidating contributions to reduce high levels of anemia in children participating in MIDIS programs.

V. **The World Bank Technical Assistance Contribution towards integrating a new model for ECD**

24. **Analytical piece on a package of instruments to increase efficiency and effectiveness of social inclusion programs to change behaviors on nutrition / anemia (Rapid SMS-Juntos and Cuna Mas).** There were six key products in the technical assistance: 

   A) **Texting for Anemia Pilot Proposal:** this report includes a detail proposal on the use of text messages to reduce the high prevalence of anemia in children under three years old in Peru, with an impact evaluation.

   B) **Background of Anemia in Peru:** It is an extensive diagnostic that gathered and analyzed data from various surveys and administrative data to provide recent anemia trends. This diagnostic provides a comprehensive background and has been used as an input to the ongoing policy dialogue with MIDIS.

   C) **Qualitive Analysis** where the team collected health and nutrition information from three main stakeholders at the field: i) beneficiaries of Juntos Program who have children under three years old, ii) health center staff, and iii) Juntos staff;

   D) **Operating Manual** that establishes norms and criteria for the pilot intervention;

   E) **Protocol for Data Use, a protocol** for data use was developed and approved by an International Ethical Committee;

   F) **Texting App:** The intervention included the development of Text Message Software Application. Please see Annex 1.

25. **A Stock-taking of potential areas of improvement in performance-based incentive on ECD and Nutrition mechanisms to improve coordination between MIDIS and the Regional Governments (FED).** An in-depth analysis of the design, operational rules and implementation of the FED was carried out from its creation in 2013 until the 2018 operation. Although the modifications that have been made over time have allowed to fine-tune the instrument to promote performance, improving the identification of products, processes and results in the welfare and development of children, it is necessary to give stability to this management tool and ensure a constant flow of resources to maintain the potential of the incentive based on measurable results. MIDIS has a technical team for the administration of the FED operations that requires reinforcement with specialists in the products that are measured as part of the results. Specialists in initial education are required to strengthen the indicators of the results in children of pre-school age. To date, emphasis has been placed primarily on products related to children’s integral health, including early childhood development, and progress is required with the results related to initial education attendance and the quality of these services. It was also identified as a challenge the need for improving the mechanisms for monitoring the results obtained by regional governments, to ensure their maintenance over time, financial sustainability and the consolidation of associated processes to provide the services. For details, please see annex 2.

26. **An analytical report on activities carried-out in supporting MIDIS’ strategy to reduce the high prevalence of anemia.** MIDIS led the Multisectoral Plan to fight against anemia and as a way to test its operation, a route of implementation of the territorial management component of the Plan was launched. The route for territorial management was organized in the following components or stages:

   1. Establishment and strengthening of the Instance of Local Articulation (Instancia de Articulacion Local).
2. Stakeholders mapping in the territory.
3. Updating of Registries (Children’s Nominated Registry and Households Registry).
4. Local diagnosis and sectorization of households.
6. Design and implementation of the baseline.
7. Installation of a municipal situational room.
8. Implementation of the local monitoring system for the fight against anemia.
9. Accountability.

27. During the implementation of a pilot experience in Metropolitan Lima implementing the described route, four districts were selected that to date have been executing the plan with different speeds and results, based on the Territorial Management Model Guide, developed within the framework of the technical assistance provided by the World Bank. Progress was made towards the elaboration of the District Action Plan in the selected districts, with broad participation of local stakeholders including municipal authorities, and it is recommended to continue supporting the follow-up of this initiative to analyze its implementation results and evaluate the conditions for its scalability in other regions and districts of the country. Please see annex 3.

28. The outputs of the technical assistance have contributed to the design of a Development Policy Financing (DPF) Operation on effective policies for human capital accumulation. The Social Protection Pillar objective is to improve the delivery of social protection and Early Childhood Development services.

29. The social protection pillar supports three policy areas: (i) establishing a Results-Based Budgeting Program for ECD, (ii) strengthening decision-making based on integrated Social Protection Systems, and (iii) enhancing territorial coordination for effective delivery of ECD services and results. Early childhood experiences have a profound impact on brain development—affecting learning, health, behavior, and ultimately income and a nations’ economic development. To strengthen this area, the GoP will replicate and build on the successful experience that resulted in the reduction of stunting prevalence in children under 5 years old by expanding the Nutrition Results-based Budgeting program (Programa Articulado Nutricional, PAN) to a comprehensive ECD multi-sectorial RBB program. Regarding the integrated social protection system, The GoP has taken new steps to enhance the targeting of social policies and programs from different sectors by creating SINAFO, the National Targeting System. The potential use of SINAFO—also led by MIDIS— for better planning and decision-making processes—going beyond socio-economic targeting—is huge as this would imply for MIDIS to ensure access to all sector databases, making more efficient the planning and monitoring of the social inclusion policy, one of MIDIS’ core responsibilities. Finally, as steward of the national social inclusion policy, MIDIS has emphasized the importance of intersectoral and intergovernmental coordination with a territorial management approach (Gestión Territorial) for the effective delivery of services and the achievement of its results in the territory. The territorial management approach is expected to guide intersectoral and intergovernmental efforts within the five MIDIS priorities organized around the life-cycle: infant nutrition, ECD, abilities for life, economic inclusion, and protection of the elderly. Despite the success of MIDIS’ use of incentive mechanisms with regional and municipal governments—Fondo de Estímulo al Desempeño (FED) and Sello Municipal, respectively—the integrated delivery of services in the territory (district level) remains a challenge, especially for the poorest. The main causes for the ineffective delivery of public services
and MIDIS limited ability to meet citizens’ needs and priorities have been identified as the lack of coordination among public agencies and the weak capacity of local governments.

VI. Policy recommendations

30. The Bank is supporting and closely working with the GoP on the improvement of ECD outcomes. The government is working on the design of a multisectoral Results-Based Budgeting Program on ECD Program. The RBB-ECD design includes the development of an operational model to improve ECD outcomes and the definition of the prioritized services. To operationalize the new RBB-ECD model the government is currently working on: (i) the operational model (an evidence-based theory of change linking packages of services to budgets, target population and agencies/spending units responsible for implementation); the definition of standards of the prioritized services; (ii) budget programming criteria; (iii) monitoring and evaluation procedures; and (iv) coverage targets for each service according to data retrieved and analyzed in each of the catchment areas (meta física). The new RBB-ECD model will be multisectoral and stress the horizontal and vertical coordination between sectors and national, regional and local government, with accountability centered at the local level and coupled with transparent incentive systems. Lessons are being incorporated from the implementation of the RBB Programa Articulado Nutricional, which was supported through the SWAp operation, and from the implementation of comprehensive information systems for ECD in MIDIS, such as REDInforma-MIDIStrito, which also received TA from the Bank. This is a process that is expected to land in the adoption of the first comprehensive ECD policy in the country, which will include a strong conceptual framework, guidelines to secure coordination at the local level, funding channels through the MEF, information systems to monitor outcomes at the beneficiary levels, and incentives for the subnational levels of government. The prioritized services will include, among others, Growth and Development Control complete (Control de Crecimiento y Desarrollo, CRED), home visits, pre-school education, monitoring and supplementation for prevention and treatment of anemia, as well as clean water and hygiene behaviors. Budgetary chains will be linked to the prioritized services so that resources cannot be diverted, and targets are based on actual services to be provided. Peru has achieved important results in this area; nonetheless, for the next period it will be critical to strengthen MIDIS’ stewardship roles (Policy definition, M&E, budget incentives, targeting and liaison with local governments), as the implementation and monitoring of such a comprehensive program will pose new challenges for MIDIS’ current interventions. For instance, incentive mechanisms to re-orient activities implemented by other national sectors (Agriculture, Housing, etc. which are responsible of key services such as WASH), could be explored, in a similar fashion than the incentive instruments implemented with Regional and Local Governments. SINADIS was never implemented in practice: establishing this coordination mechanisms are a good opportunity to reinforce MIDIS role as the responsible for articulating service delivery nationwide.

31. The GoP needs to strengthen territorial coordination. The GoP should start its new model for territorial coordination supporting the local governments in achieving its ECD outcomes. Again, MIDIS should play a pivotal role for this. The GoP needs to design an institutional structure (roles, functions and responsibilities) to strengthen territorial coordination for the delivery of social services at the district level. To operationalize this institutional structure and effectively strengthen local governments’ capacities to coordinate social policy in their territories, MIDIS
needs to develop and provide them with management instruments for enhancing the delivery of ECD and infant nutrition services. Local governments are expected to access data to monitor the current state of children in their territories, assess the state of key management and coverage indicators of prioritized services and raise alerts to the central government when the procedures to ensure service delivery are not taking place. The development of these instruments will initially have a focus on ECD and, according to national priorities, the prevention and reduction of anemia. Better social service delivery is expected to result in improved nutrition outcomes of the vulnerable populations (particularly young children and women). This, in turn, will strengthen the adaptation capacity of the population to cope with observed and anticipated impacts of climate change on agricultural production in Peru, which would otherwise adversely impact food availability and nutritional outcomes of these populations (especially in rural areas). The new institutional structure at the local level will also strengthen the readiness and capacity of local governments to respond to natural disasters, including those related to climate change. Finally, a new approach for MIDIS at the local level could also be boosted by the full implementation of the SINAFO law (see next recommendation), which should include securing additional funds to implement and equip appropriately the Unidades Locales de Empadronamiento – ULEs. A revamped model for MIDIS at the local level could be centered at the ULEs as a platform to coordinate social interventions and monitor outcomes in the districts; however, this would require scaling up their current capacities and adding extra TA resources to ensure the sustainability of this new model. Equally important, this structure would have to operate closely with the regional offices of MIDIS, particularly the one-stop shop “Tambos,” and the itinerant strategy to reach remote areas and population “PAIS.”

32. **To reinforce the targeting process and respond to challenges with data integration for improved decision-making, the GoP decided to reorganize SISFOH and develop a new system: SINAFO.** The GoP has to review the regulation produced to implement SINAFO and ensure the full implementation of the new targeting system. SINAFO is expected to expand the scope of Peru’s targeting system by mandating information sharing across public sector entities to strengthen decision making in social policies, in addition to regulating the targeting and eligibility processes for the targeted programs. The implementation of SINAFO is expected to be nested at MIDIS, for which technical capacities should be strengthened in the Ministry and SINADIS, both at the central and local levels. The implementation of SINAFO will facilitate better decision-making processes that will go beyond socio-economic targeting and will include planning, implementation, monitoring and evaluation of multisectoral policies such as ECD, with MIDIS assuming a central role. Likewise, the new system will provide an opportunity to reach vulnerable population using additional criteria, complementing the socio-economic classification. This could potentially include: multidimensional poverty measuring, vulnerability given certain pre-determined conditions (indigenous population in the amazon basin, for instance), proximity to disaster-prone territories, etc., which would boost the current SP system of Peru. Finally, an interoperability platform should be implemented through SINAFO, ensuring an integration between services being delivered by different sectors. One key example is the integration of services and policy instruments for targeting and M&E between MIDIS (responsible to roll out safety nets in rural areas) and Active Labor Market programs delivered by MINTRA, which are currently lacking appropriate targeting systems or M&E mechanisms. To achieve full implementation of SINAFO, the GoP should ensure this interoperability mechanism/platform facilitating the system to integrate and connect data in real-time, aiming for a more efficient planning, implementation and monitoring of social policies.