



**Social assistance and cash transfers:
an example from Peru**

Reforming social assistance for social inclusion

Peru

Population	31.4 million
Human Development Index rank	87 out of 188
Life expectancy at birth	74.8
National poverty rate (% of the population living below national poverty line)	21.8%
Absolute poverty rate (% of the population living below USD 1.90/day Purchasing Power Parity)	3.1%
Total public social protection expenditure including health expenditure (as % of Gross Domestic Product, latest data 2010) (ILO, 2014)	6.85%

Source: UNDP, 2016 unless otherwise specified

■ Cover photo: Three national programmes provide social assistance for poor families with children in Peru: CunaMás, an early childhood programme for children under three and their parents; QaliWarma, school meals for preschool and primary school children; Juntos, a conditional cash transfer programme for poor households with children and pregnant women.

Peru: Strong growth but persisting inequality

Peru has one of the best-performing economies in Latin America. Its growth rate averaged 6.4% between 2002 and 2012, after decades of stagnation. The per capita GDP more than doubled over the same period, and the proportion of the population living below the national poverty line fell by nearly half from 49% to 21.8% within a decade. It is now an upper-middle-income country, with annual per capita income (PPP) of USD 13,022 in 2016.

Nevertheless, substantial social and regional inequalities remain. The rate of poverty is over three times higher in rural than in urban areas. Social assistance programmes and basic public services such as healthcare, education, water and sanitation are insufficient in coverage and quality, especially in rural areas. Women, indigenous populations and other ethnic minorities are particularly affected, and more than half the population consists of children and old people.

Social assistance in Peru

The fight against inequality and exclusion

Fighting inequality and building social inclusion were core campaign promises of the previous government elected in 2011. 'Social inclusion' is defined in Peru as a situation in which all citizens have access to quality public services, can exercise their rights equally, and are able to make use of the opportunities opened up by economic growth. A few months after taking office, the government established a new Ministry of Development and Social Inclusion, to bring together a number of social protection programmes previously run by different ministries and to strengthen coordination and oversight of all social policies and programmes. A National Strategy for Development and Social Inclusion was adopted in 2013, with the goal of closing the gaps between the poorest households and the rest of the population in terms of access to good public services and development opportunities. Expenditure on social assistance programmes jumped by 27% from 2012 to 2013.

The National Strategy for Development and Social Inclusion covers all stages of life, with goals for 2016 in the areas of early childhood, child and adolescent development, economic inclusion, and protection for the elderly. The ministry also runs five major social assistance programmes for households in poverty: 1) *CunaMás*, an early childhood programme for children under three and their parents; 2) *Qali-Warma*, school meals for preschool and primary school children; 3) *Juntos*, a conditional cash transfer programme for poor households with children and pregnant women; 4) *Foncodes*, promoting economic autonomy of poor households in rural areas; and 5) *Pensión 65*, a pension scheme for people over 65 with no other pension provision.

Peru's conditional cash transfer programme: 'Juntos'

The *Juntos* ('Together') programme, launched in 2005, makes conditional cash transfers to extremely poor households with members younger than 19 years old or pregnant women. Most beneficiaries are in rural areas, where poverty is more concentrated and where communities were most affected by political violence through guerrilla movements in the 1980s. In 2013, the programme reached more than 650,000 households with over 1.5 million children and pregnant women in nearly two thirds of the country's districts.

The flat-rate payment of 100 Peruvian nuevos soles (PEN) per household per month (USD 30) should cover a basic food basket, some non-food items, and the costs of accessing services. Payments are made every other month into individual savings accounts, and mobile banking vans visit districts where there are no banks.

Pregnant women must attend monthly check-ups in order to be able to receive the benefits; families must take children under three for regular health and nutrition checks and make use of services such as nutrition programmes; school-age children must attend school regularly. The aim of these conditions is to encourage parents to use public services for their children's health and education. If they do not comply, local programme staff help them find solutions and fulfil the requirements.

Holding a personal identity document is a prerequisite for participation in the social assistance programmes. Where household members do not have civic documentation, the programme authorities help them get it, free of charge, from the national identification programme.

Social assistance programmes under Peru's Ministry of Development and Social Inclusion, updated September 2017

Social Programme	Objective	Target Group	Benefit	Coverage
CunaMás National early childhood programme	Improve infant and early childhood development of children affected by poverty and extreme poverty	Children 0 to 36 months living in poverty or extreme poverty	Provision of daily care (urban areas) and home visits (rural areas)	50,202 children and 86,450 families in 870 urban and rural districts (out of 1,874)
QaliWarma National school feeding programme	Improve nutrition for children in state infant schools and primary education	Children over 3 years in infant or primary school living in poverty or extreme poverty	Provision of daily school meals	3.4 million children in 58,000 schools all over the country
Juntos (CCT) National programme for direct support to the poorest	Relieve poverty and stimulate human capital development in the poorest households	Households with children/youth under 19 and pregnant women living in extreme poverty	Bimonthly cash transfers of an equivalent of USD 30 per household per month	735,850 households in 1,304 districts (out of 1,874)
Foncodes National cooperation fund for social development	Promote sustainable economic autonomy of poor households in rural areas	Rural districts with high poverty levels	Capacity development for income generation Investments in social and economic infrastructure	98,011 households participating in 918 projects
Pensión 65 National solidarity assistance pension	Mitigate vulnerability of income of elderly and improve their livelihood	Adults over 65 living in extreme poverty, not part of other public or private pension scheme	Monthly cash transfer of USD 37 per person	507,000 individuals all over the country

Juntos is entirely funded by the Peruvian government. It is overseen by the Ministry of Development and Social Inclusion through its Vice Ministry of Social Provision, and implemented through a decentralised structure with 15 territorial units. Close coordination with line ministries such as Health, Education, and Women and Vulnerable Populations helps link beneficiaries to public services, both for monitoring their compliance with the programme conditions and to help them access the services to which they are entitled.

German support for efficient and citizen-oriented social services

Despite significant progress, the capacity of Peru's public administration to provide social services is limited, and social protection systems are not reaching all parts of the population. Poor coordination, lack of performance reviews, and inconsistent policies, planning and operational guidelines undermine the efficient, citizen-oriented delivery of social services. Germany, in the context of its Governance and Social Inclusion and Good Governance and State Reform programmes, has been supporting the Peruvian government since 2007 with technical assistance through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to modernise the state and strengthen the capacity of public administration. This includes increasing the

■ *In order to receive money from the Juntos programme, parents have to ensure that their school-age children attend school regularly.*



quality and reach of social assistance programmes like *Juntos*, through support to the National Social Protection Policy and to institutional and operational dimensions of social programmes.

Restructuring and policy formulation

From 2008 to 2010, Germany supported the development of social policy white papers to encourage systematisation of past experiences, review of existing programmes, and facilitation of dialogue. Various stakeholders – ministries, social programmes, regional and local governments, civil society actors, and development partners – were involved in the development of policy proposals, to ensure their acceptance and legitimacy. The white papers analyse poverty and inequality in Peru, and propose goals and strategies for poverty reduction and structural reform of the social protection system.

Based on these papers, and with the aim of establishing a consistent and inclusive social protection system, Germany supported the formation of the new Ministry of Development and Social Inclusion, and the implementation of the National Strategy.

Short-term GIZ experts advised the new ministry on the multi-sector formulation of guidelines to implement the early childhood development element of the strategy. These guidelines seek to guarantee access to basic social services to every child in the country. Germany also assisted in the development of a legal framework for the political support and financial resources

needed to implement this policy at sub-national level. A results-oriented fiscal incentive mechanism was designed which will reward regional governments that fulfil the guidelines. These governments can then use the extra funds to improve the services required for the *Juntos* programme.

Reforming social assistance programmes

The new Ministry of Development and Social Inclusion had to adapt several existing programmes previously run by different ministries, so that they would function efficiently together under its leadership. Germany assisted with advisory services to strengthen the new ministry's institutional and human capacities and supported the evaluation and re-organisation of the programmes to adapt them to the new framework. This included facilitating a dialogue among stakeholders, and building capacity through new analysis and planning tools. The Inter-American Development Bank and the World Bank also supported these processes.

For greater transparency, formalisation and consistency of the programmes, GIZ assisted the ministry in the development of guidelines for operations manuals. All social assistance programmes have updated their operations manuals since 2012, applying these guidelines, and made them available on the ministry's internet platform.

Introducing results-based management and budgets

To improve cost-effectiveness and efficiency, German development cooperation advised the ministry on adopting results-based management as a central management tool. So far, *CunaMás* and *Foncodes* have been redesigned with a results-based orientation.

Since 2007, the Ministry of Economy and Finance has received technical advice from GIZ to introduce performance-based budgeting. New planning and budgeting tools shift the focus of budgets from inputs to outputs – that is, to the delivery of services and measurable results. This should increase the transparency, effectiveness and efficiency of public expenditures within the social protection sector. Under the new system, the *Juntos* programme has been achieving good results – one of the reasons its budget increased by more than 22% since 2012.

Strengthening monitoring and evaluation capacity

One of the weaknesses of Peru's social assistance programmes in the past was the lack of regular monitoring and evaluation, and thus the lack of accountability and evidence, indicating poor standards of operation. German development cooperation has provided technical assistance to the Directorate of Monitoring and Evaluation of the Ministry of Development and Social Inclusion to enhance its monitoring and evaluation system, particularly for *Juntos* and *Pensión 65*. Checklists have been introduced for monitoring the performance of every process of delivering social assistance, and the ministry is using the results to improve programmes. The new methodologies complement the ministry's existing accountability mechanisms, which include a public online dashboard with information on the programmes and a digital data system including information on socio-economic indicators, beneficiaries, programme coverage and performance.

Improving the targeting of beneficiaries

The system for identifying beneficiaries was weak in the past. In 2009, the Ministry of Economy and Finance estimated that over 30% of the beneficiaries from three of the five social assistance programmes were in fact not eligible. Germany has supported the Ministry of Development and Social Inclusion in reshaping the household targeting system into an integrated system for all social assistance programmes.

According to the National Strategy for Development and Social Inclusion, the government should focus its social support on a group called the ‘population in process of development and social inclusion’. These are households that meet at least three of four socio-economic criteria associated with exclusion: 1) they live in small settlements in remote areas with less than 400 houses or 2,000 habitants; 2) the head of the household (or spouse) has incomplete or no primary education; 3) the head of the household or spouse speaks an indigenous language as his/her mother tongue; 4) they are in the lowest quintile of national income distribution.

People eligible for social assistance are identified through a three-stage process. First, the household targeting system categorises every household in the country according to its socio-economic condition and draws up a list of eligible households, using information collected by the National Institute of Statistics and targeting units in municipalities. Next, the central offices of social assistance programmes select households from this list according to specific criteria for each programme. In some programmes, like *Juntos*, there is a third stage – a community validation process designed to ensure transparency and acceptance and to avoid envy – in which committees verify the criteria and lists of selected beneficiaries.

GIZ has provided advice to help reform the targeting system and set clear and transparent eligibility criteria. Further, GIZ support included the revision of the legal framework of the targeting system to provide better guidelines to social programmes and local governments, and creation of mechanisms to prevent selection of non-eligible households. In doing so, Germany has strengthened the local governments’ capacities to collect the socio-economic information that is needed to define people’s eligibility for social assistance.

A graduation strategy

Cash transfers and other social assistance programmes help families survive, but on their own they may not enable families to permanently change their living conditions and break out of the poverty trap. A graduation strategy is needed. A core component of such a strategy in Peru is *Foncodes*, the national cooperation fund for social development. A proactive scheme to help poor people move out of poverty, *Foncodes* increases individuals’ income-generation capacities through skills, investment and economic opportunities. With support from GIZ, a comprehensive reorganisation of *Foncodes* began in 2012.

Impact and outlook

Peru is introducing major reforms towards a more inclusive social protection system, improving and expanding social safety nets including the cash transfer programme (*Juntos*). Programme beneficiaries report significant improvements in their living conditions. The consumption of higher-quality food increased, and households gained additional income through investment in agricultural production. Demand for public services such as education and health services increased.

At the same time, reforms and improved management are promoting more equal access and better quality services, and reducing inequality between rural and urban areas and between rich and poor. Transparent and efficient public administration and strong government commitment to social protection can enhance the legitimacy of

the democratic state, strengthen social cohesion, and reduce the risk of social conflicts.

The reforms introduced so far still need to gain solid acceptance at all levels. Alliances between Peru's National Congress, the key actor approving legal reforms, and the sector ministries that implement the social protection programmes must be strengthened. Germany is also contributing to the important process of strengthening the management capacities of local and regional governments, so that they can fully take on their responsibilities to deliver effective citizen-oriented services.



■ Foncodes supports families in rural areas to generate incomes through improving skills, investment and economic opportunities.

References

Government of Peru (2011). Estrategia Nacional de Desarrollo e Inclusión Social: Incluir para crecer. Lima: Ministry of Development and Social Inclusion.

Government of Peru (2012). A policy for development and social inclusion in Peru. Lima: Ministry of Development and Social Inclusion.

ILO (2014). World Social Protection Report 2014/15: Building economic recovery, inclusive development and social justice. Geneva: International Labour Organization.

UNDP (2016). Human Development Report 2016: Human development for everyone. New York: United Nations Development Programme.

Vaquis and Perova (2011). Más tiempo en el Programa, mejores resultados: Duración e impactos del Programa JUNTOS en el Perú. Lima: World Bank.

As a federally owned enterprise, GIZ supports the German Government in achieving its objectives in the field of international cooperation for sustainable development.

Published by
Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices
Bonn and Eschborn, Germany

Sector Initiative Systems of Social Protection

Dag-Hammarskjöld-Weg 1-5
65760 Eschborn
T +49 61 96 79-0
F +49 61 96 79-11 15

social-protection@giz.de
www.giz.de

Design and layout
Nikolai Krasomil, www.desgin-werk.com

Printing and Distribution
Druckriegel GmbH, Frankfurt am Main
Printed on 100% recycled paper, certified to FSC standards.

Photographs
Cover, page 4: © GIZ | Carlos Bertello
Page 8: © GIZ | Alfredo Rodríguez

URL links
Responsibility for the content of external websites linked in this publication always lies with their respective publishers. GIZ expressly dissociates itself from such content.

On behalf of
German Federal Ministry for Economic Cooperation and Development (BMZ)
Division 304 – Health, Population Policy and Social Protection

Addresses of the BMZ offices

BMZ Bonn
Dahlmannstraße 4
53113 Bonn, Germany
Tel. +49 228 99 535 - 0
Fax +49 228 99 535 - 3500

BMZ Berlin
Stresemannstraße 94
10963 Berlin, Germany
Tel. +49 30 18 535 - 0
Fax +49 30 18 535 - 2501

poststelle@bmz.bund.de
www.bmz.de

GIZ is responsible for the content of this publication.

Eschborn, 2017