Conditional Cash Transfers in Latin America: 
The Impact of *Juntos* in Peru in Addressing Multi-Dimensional Poverty

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Abstract

In this paper, I present an analysis of the *Juntos* Conditional Cash Transfer (CCT) program which is the largest component of social protection in Peru. This analysis highlights the root causes for why Peru needs to combat social exclusion and poverty through social safety nets. An additional review of the current program discusses relevant program achievements and program flaws in design and implementation. A comparative analysis of prominent CCT programs in Latin America, *Bolsa Familia* in Brazil and *Prospera* in Mexico, provide a basis for how improvements can be made to the Juntos program in order to address the issue of persistent multi-dimensional and multi-generational poverty in Peru. My analysis found that important design and implementation features could be reformed to improve the efficiency and equity of the program, taking into consideration the feasibility of the implementation. Even under perfect design and implementation measures, CCT programs alone cannot resolve the deep-rooted issues perpetuating multidimensional poverty in Peru. Reforms to the Juntos program will allocate resources more efficiently to maximize Peru’s investment in human capital.

*Keywords*: Conditional Cash Transfer (CCT), Human Capital, Inequality, Poverty
Acknowledgements

I would like to express my deepest gratitude to Phyllis Pomerantz, my Master’s Project advisor, who provided invaluable guidance, patience, encouragement, and support towards the completion of this project. I would also like to extend this gratitude to my committee members, Fernando Fernholz and Natalia Mirovikskaya, for their helpful comments and recommendations in the process of formulating the design and focus of this project. Some of my future endeavors will be motivated and inspired by your teachings to me.

I am very thankful for the Management, Faculty, and Staff of Duke’s Center for International Development who were extremely helpful and supportive during my two years of graduate study.

I also want to express my appreciation to the Peace Corps Coverdell Program that provided financial support for me to pursue my graduate studies at Duke University.

My Master’s education and this project would not have been possible without my mother—without her love, inspiration, encouragement, and support—during the last two years as well as during thirty years before that.

Finally, I would like to devote a special thank you to the rest of my family and friends, especially my brother, best friends, and mentors, for their unconditional support and love always.
Conditional Cash Transfers in Latin America: 
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Executive Summary

Conditional Cash Transfer (CCT) programs are among the most widely used social safety net policy interventions in Latin America. They have received attention from scholars, policy makers, and international organizations since they were first implemented in the early 1990s. These transfers were developed to shift traditional social protection policies, transitioning from the provision of in-kind goods to monetary incentives that motivate behavioral change. The central objectives of CCTs are two-fold: 1) to reduce poverty and inequality through monetary relief and 2) to break the intergenerational cycle of poverty through the investment in human capital over a prolonged period of time. The intended result is to provide assistance for impoverished populations in order to transition them from the short-term goal, the first objective, to long-term economic independence as a result of investments in health and education, the second objective. Despite notable results on the impact of CCTs, mainly on their short-term gains, the long-term effects are still in the process of evaluation; therefore, the debate on their effectiveness remains relevant. Though CCT models are similar in many regards, the individual design and implementation features can affect how the programs perform.

Peru faces unique challenges that impact the development of the country as a whole. The three distinct regions that characterize Peru’s plentiful resources and biodiversity also create geographic barriers that facilitate development unequally. The coastal regions of Peru face fewer obstacles than the sierra highland and Amazon jungle regions when it comes to economic activity and access to basic services. The natural geographic barriers are coupled with a tumultuous political history that has left governance relatively weak and ill-prepared to deal with the consequences of prolonged civil unrest. As a result, uncertainty and doubt overshadow the government’s effectiveness and increases the mistrust citizens feel towards their governing authorities; this is further exacerbated by confirmed and perceived corruption at all levels of government regardless of region. Furthermore, recent economic progress has not reached all socioeconomic levels of society. Despite being a middle income country, the United Nations ranks Peru the 22nd most unequal country and the Gini Coefficient (44.7%) supports this ranking. A significant portion of the Peruvian population lives in poverty, up to 61% in certain regions. As a result, there is a need for social safety nets. The largest social program in Peru is Juntos, a CCT program, benefitting many of the citizens that live in underdeveloped areas.

The overseeing agency, and client for this research, is The Peruvian Ministry of Development and Inclusion (MIDIS). MIDIS plays a primary role in the management and administration of the Juntos CCT program. Additionally, it holds the authority to influence sectoral policy decisions and determine resource allocation for social programing. The policy question posed for this research project is: Based on a comparative analysis of Conditional Cash Transfer (CCT) programs in Latin America, what improvements can be made to the design and implementation of the Juntos program in order to maximize impact on poor families in Peru? The methodology I used to make a policy recommendation was a comparative analysis with Brazil’s Bolsa Familia and Mexico’s Prospera, the pioneers of CCT programs and the most referenced in CCT literature. The comparative analysis considered various design and implementation features to analyze the potential impacts of
alternative program models. The alternatives were then measured against four weighted criteria (equity, effectiveness, efficiency, and feasibility) to determine the most viable policy option.

The results of my analysis led me to recommend improving a design feature, enhancing the current payment scheme. Changing this feature of Juntos shifts the program in such a way that the composition of benefits and opportunity costs associated with compliance are more equitable and effective. Current institutional and administrative systems are in place that make implementing this policy option feasible. The final section details some complementary actions, including improved financial literacy and bilingual support, that will bolster the implementation phase of this particular policy reform.
I. Background of the Problem

Country Context
Peru has overcome an era of violent insurgencies and relentless instability to reach the state of relative stability it has today. Its complex and often unfortunate past is vital to understanding the intricacies of the country’s evolving issues in addressing multi-dimensional poverty. Despite historical adversity, Peru stands as one of Latin America’s fastest emerging markets, known for its richness in natural resources and deeply-rooted culture and traditional values. Economic reforms have stimulated the Peruvian national market but have failed to overcome the perils of economic shocks, leaving some sectors disproportionately underdeveloped. Some of Peru’s most pressing issues include significant corruption in the political system and related security concerns. Significant disparities continue to divide Peruvian society: marginalized groups are typically separated by geographic barriers or lack of access to basic services and opportunities. The economy is strong and making progress, but investment in human capital through well-designed and implemented social safety nets is necessary. Peru’s current development is promising but important social reforms are necessary in order to find pragmatic solutions to persistent problems in the social sector.

Political Context
Peru’s political history has been characterized by uncertainty, frequently alternating between authoritarian and democratic rule. The country is currently a democratic republic with various political parties and 1,838 municipalities organized in twenty-five geographic departments. It is still recovering from the tumultuous years (1980-2000) of the Shining Path where leftist guerilla groups, led by the Maoist insurgency organization, engaged in an armed conflict that killed an estimated 70,000 people and displaced countless others. The Shining Path attacked the foundation of institutional democracy, and influenced the interaction of varying sectors within the broad context of governance in Peru. There were substantial political changes in the 1990s when Alberto Fujimori stepped into power and began overwriting legislative processes. Notoriously remembered for amending the constitution to sanction another presidential term. Fujimori took autocratic liberties, staging a coup against his own administration in order to restructure the country’s legal system and congress. This afforded him the power to make aggressive economic reforms and impose strong military strategies that resulted in numerous human rights violations. Though Fujimori’s approach was controversial and empowered him to rule by decree, he was successful in capturing Abimael Guzman, the leader of the Shining Path, weakening the hierarchy of the guerilla group and largely diminishing violence in targeted areas. On April 7, 2009 Alberto Fujimori was found guilty and convicted for “crimes against humanity” and sentenced to 25 years in prison, a sentence he is currently serving.

The Humala Administration (2011-2016) had a large influence on the social policy agenda, including the allocation of resources for Juntos, Peru’s conditional cash program. Social programs under his direction were met with mixed reviews, both in terms of levels of funding and the quality

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1 BBC News Organization (2012).
2 Papadopoulos and Layer (2016).
3 BBC News Organization (2012).
4 Etoniru (2016).
of resources allocated for anti-poverty strategies. The amount of funding proportioned to social programs was incrementally increased throughout his presidency; however, the amount was comparatively less than in other countries in the region. The government made a concerted effort to target impoverished communities in its spending for social services, including through the Juntos CCT program, but many initiatives were considered to be either too isolated or excessively fragmented.

Recent Presidential elections were plagued by corruption scandals and divided civil society, with President Pedro Pablo Kuczynski prevailing over the favored Keiko Fujimori, daughter of previous President Alberto Fujimori. The Kuczynski Administration has taken an aggressive stance on combating many systemic issues, “With 23% of Peruvians now living below the poverty line, he vouched to modernize the country, fight corruption, reduce income inequality and provide access to basic services for all. To support his ambitious social program, he intends to improve the country’s business environment, boost foreign investment and increase public spending.”

Previous efforts have fallen short in providing solutions to help impoverished communities out of their current status, but the new leadership seems optimistic about its ability to find ways to mitigate problems and combat multi-dimensional and multi-generational poverty.

Economic Context
The past decade has been characterized by favorable economic policies allowing for low inflation and stimulating growth in certain industries. Sectoral shares in the economy include agriculture at 7%, industry at 34.5%, and services at 58.5%. As a result, Peru has established itself as one of Latin America’s strongest economies. It was declared an upper-middle income country experiencing an average 5.6% annual increase in economic growth between 2009 and 2013.

Despite narrowly missing the Central Bank’s target percentage of growth in 2013, attributed to decreased prices in exports, Peru continues to progress with a GDP PPP of $389.1 billion. Based on this data, current World Bank rankings place Peru 48th out of 230 countries. The GNI per capita is $6,122, increasing steadily since the early 1990s and ranked in the median range when compared on the global level.

Despite notable market improvements in some sectors and significant reductions in the poverty rate for the past decade (30.8% in 2010 to 22.7% in 2014), the poverty rate remains high for a country with a comparatively high GDP. Urban centers have grown substantially, increasing at an annual rate of 1.69%, while the rural areas remain largely impoverished with poverty rates that

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5 World Bank “Project Appraisal” p.28 (2011).
6 CIA (2015).
7 Torres (2016).
8 Note this figure is slightly different from other figures in this report because it was taken from an article written in 2016.
9 Ibid.
10 CIA (2015).
11 Ibid.
12 Peru Overview (2015).
reach as high as 58.8% in the rural highlands. In addition, informal job markets have grown where regulatory legislation is difficult to enforce and criminal activity occurs at high rates.

In 2011 The Pacific Alliance was formed between Peru, Chile, Colombia, and Mexico, with Costa Rica and Panama currently in the final stages of approval, which will expand the alliance to six member countries. This trade bloc provides reduced tariffs encouraging trade, migration, and financial integration within a network of multilateral ties that promotes economic growth. Though the country’s trajectory mainly focuses on market-led growth, 60% of its total exports come from metals and minerals. Dependence on extractive industries has become a major concern. The mining industry has spurred violent protests, especially in Peru’s highlands. Many of these mining companies are contractually required through Corporate Social Responsibility (CSR) programs to contribute to the communities they extract from but there are still inefficiencies in meeting the needs of marginalized groups. In order for the market to reach new heights of development, Peru must invest heavily in its human capital, providing opportunities for its people’s skill sets to meet the growing demands of the expanding market.

Social Context
The Peruvian population is roughly 30.5 million, comprised of diverse demographics. Ethnic groups include Amerindian 45%, mestizo (mixed Amerindian and white) 37%, white 15%, black, Japanese, Chinese, and other 3%. Often these groups are separated by distinct geographic barriers and climates, divided into three main regions: Coastal desert, Sierra mountains, and Amazonian jungle. Each region is distinctly influenced by its location, providing a unique setting for varying cultural traditions. The geography challenges the access to equal opportunities and government programs for marginalized groups due to weak infrastructure, even though about 79% of the population now lives in urban areas.

The average life expectancy at birth is 74 years old and the Human Development Index (HDI) is relatively high at .734; however, health dimensions are still considered “high risk” for infectious diseases, adding urgency to malnutrition, water sanitation, and hygiene issues that persist in marginalized areas. The mother’s mean age at first birth is 22.2 years of age and the maternal mortality rate is 68 deaths to every 100,000 live births, while the infant mortality rate is 19 deaths in 1,000 live births, which is often attributed to the inconsistency of infrastructure and resources in rural areas. In 2005 the government introduced a plan to combat poverty, launching various campaigns targeting rural areas, improving hygiene, sanitation, and clean water sources. The campaign is credited with a 10% drop in malnutrition, reduced rates of malaria, and improved access to HIV/AIDS treatment, but the health sector still needs to prioritize its family planning and preventative healthcare agendas.

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15 Etoniru (2013).
16 USAID p.5 (2016).
17 CIA (2015).
18 Peru Overview (2015).
19 Ibid.
20 USAID p. 25 (2016).
According to the CIA, in 2013 the Peruvian government invested 3.3% of its GDP to education expenditures, notably one of the lowest in South America. The enrollment rate for students in primary school is above 100%; increases are attributed to aggressive pursuit of the Millennium Development Goals (MDGs). Despite widespread attendance in primary schools, the quality of education is still a major challenge, as reflected by achievement scores in Figure 1. High primary school enrollment and literacy rates have not translated to a more qualified workforce due to the subpar quality of public education, contributing to stunted human development.

The prospect for employment is largely influenced by the level of education a person holds. Therefore, decreasing rates of enrollment in post-primary education and a rise in unemployment, currently stated at 5.2%, suggests higher investment is necessary. The government plans to focus on increasing the quality of basic services in healthcare and education which can help close the gap in the disparities between geographic regions and marginalized groups at all levels.

II. Scope and Severity of the Problem

The Juntos program, a Conditional Cash Transfer (CCT) program, is the largest component of Peru’s social safety net provisions. Despite considerable improvements in country indicators, it has become evident that Juntos will not eradicate multi-dimensional poverty or break the intergenerational cycle of poverty on its own. Peru’s governance has historically failed to protect its citizens, specifically vulnerable populations, which has prompted widespread mistrust among its citizens. Inequality, related to the disproportionate access to basic services contributes significantly to the lack of social upward mobility.

The Roots of the Problem

Weak Governance

Peru was almost declared a failed state in the 90s and has transitioned through four presidential leadership changes while decentralizing its governing system. This type of intervention is not

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22 FHI 360 (2014).
24 USAID p. xii (2016).
25 Reference Annex 1
simple or without shocks.\textsuperscript{26} Government structures were already weak from the aftereffects of the \textit{Shining Path} internal conflict; as a result, political repercussions continue to plague the government’s effectiveness and increase the mistrust citizens feel towards their governing authorities.\textsuperscript{27} An estimated 70,000 Peruvians were \textit{violently} killed by the Shining Path. It is estimated that 75% of those killed were from the indigenous populations of Ayacucho. There was a \textit{Truth and Reconciliation Commission} report completed by the Peruvian Government; however, it has been largely criticized for its delayed timeline, its lack of viable communication with the population most affected (investigators did not speak the language of the victimized region), and a lack of emphasis on justice for indigenous communities, a symptom of the country’s relatively weak legal framework.\textsuperscript{28}

Furthermore, in 2014 it was reported that 92% of government officials were under investigation for corruption-related offenses and the majority of them ran for reelection so it is not unexpected that the general Peruvian population is weary of its governing officials.\textsuperscript{29} The public opinion polls provided by Transparency International (TI) reported 85% of nationals believed their government’s efforts to fight corruption were ineffective.\textsuperscript{30} Reports such as these affirm the Peruvian Government’s need to improve its image and effectiveness. The disparities among social classes are also connected to how the population perceives its leaders. In order to improve the image of the country’s government and instill a sense of trust, dramatic changes are needed in government procedures and the way it approaches civil society.

The Worldwide Governance Indicator (WGI) for Government Effectiveness reveals a recent decline in the perception of government effectiveness, including public services such as infrastructure, the education system, basic health services, social programs and bureaucratic quality. WGI percentile rankings (out of 100) steadily declined following the Shining Path insurgency, slightly increasing until 2010 when ranking scores stagnated; more recent scores reflect a decline in government effectiveness from 50\% to 44\%.\textsuperscript{31} This indicator further speaks to the government’s ability to commit to and effectively implement pragmatic policy solutions.\textsuperscript{32}

\textsuperscript{26} USAID p.6 (2016).
\textsuperscript{27} Transparency International (2015).
\textsuperscript{28} Gandhi p.8 (2011).
\textsuperscript{29} Gurney (2014).
\textsuperscript{30} Transparency International (2015).
\textsuperscript{31} Worldwide Governance Indicators (2015).
\textsuperscript{32} Ibid.
Intergenerational Cycle of Poverty

Coupled with relatively weak governance, Peru’s economic progress has not necessarily increased societal inclusion and economic gain equally, leading to entrenched poverty and inequalities. The United Nations ranks Peru as the 22nd most unequal country in the world based on the Gini Coefficient of 44.7%, reflecting significant unequal distribution of resources and income. Rural areas comparatively receive a lesser investment from the government and are consequently less likely to receive the basic services they need to increase their quality of life. As per *Figure 2* above, the national level of poverty is 25.8% but the rural levels of poverty in all regions (coast, highlands, and jungle) are approximately double the urban levels of poverty. This can be attributed to many different reasons.

Historically, there has been limited access to basic services in rural areas typically inhabited by marginalized populations. Though social safety nets have encouraged increased coverage and improved quality of basic services, these populations typically hold a weak demand-side voice which does not create an urgency for government action and exacerbates the rural and urban divide. The central political and economic systems that hold redistributive powers are focused in the country’s capital city, Lima. This has undermined the ability for rural areas to increase access to more markets and services and sequentially—economic growth.

The economic benefits that have resulted from Peru’s largest export commodities, such as copper ore, gold, and refined petroleum have not expanded opportunity for marginalized populations. Typically, people from rural areas receive poor quality education which creates a large skills and training gap and encourages migration for employment, “Factors such as labor market conditions, availability of public goods and services, housing, transportation and health facilities all influence the willingness of households to stay or move towards different locations.”

*Figure 2: Incidence of Poverty by Geographic Area*

Image Source: EY Peru (2013)

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33 Cruz and Ziegelhöfer.” p. 45 (2014).
34 Ibid.
35 INEI (2016).
36 Note this percentage is different from the previously stated poverty rate because the referenced figure is from 2013. Though poverty rates have decreased, the disparity between geographic regions and rural and urban areas remain considerably high.
38 Reyes-Hurt (2013).
Subsistence farming is common in all regions of Peru, typically providing only enough income to survive—not an opportunity for households to save for future investment or emergencies. Often, families are faced with a difficult decision: send their children to school which incurs fees or include them in the daily work to provide for the family; the opportunity cost can be high. It is also common for parents, and in some cases children, to work in the informal sector. Jobs in the informal sector generate low wages, are linked with risky behaviors, and have high occurrences of human rights violations.\footnote{USAID p.2 (2016).}

The lack of basic services in rural areas, combined with the unequal distribution of resources has contributed to the persistent poverty that exists across the country. As a result, people have fewer opportunities to develop income-generating skills. The options to move into formal sectors are limited for most people who have few transferable skills and minimal education. Additionally, government interventions are weak, implemented poorly, and only address the immediate needs of the poor—not the possibility of improving their quality of life long-term. The result is a large population without the knowledge and skills needed to break the multi-generational cycle of poverty.

**A Need for Social Programs**

The Peruvian Government has taken various steps in its attempts to reduce multi-dimensional poverty. The Juntos program was launched in April 2005 by the Toledo Administration. The program is a social protection mechanism to address the stark inequalities threatening the prosperity of Peruvian society.\footnote{Jones, Vargas, Villar, Cash Transfers (2008).} The institutional design of Juntos was largely influenced by CCT programs that had already been instituted in other Latin American countries, namely Progresa in Mexico and Bolsa Familia in Brazil, where CCT programs were pioneered.

**The Juntos Program in Peru\footnote{Reference Annex 2}**

**Program Design**

Key elements of the Juntos program include institutional components such as: a centralized directorate managed by a government agency (MIDIS), inter-sectoral coordination, a data collection system to monitor compliance, and community-level program facilitators.\footnote{Ibid.}

Juntos was designed to: target vulnerable communities using specific eligibility criteria; provide a monetary incentive to families to influence behavioral changes; institute conditions beneficial for the human development of impoverished children; enable an environment for local-level and institutional-level capacity building; and provide an opportunity for vulnerable populations to reach economic stability.\footnote{World Bank “Project Appraisal” p.1 (2016).} In order for these objectives to be achieved there are two important features of the design that must be clearly defined and managed—eligibility criteria and compliance with conditionality.
Eligibility
Eligibility criteria for registering with the Juntos program are as follows:\(^{45}\):
1. The household is classified as extremely impoverished through the national System of Focalized Homes (SISFOH) overseen by MIDIS.
2. The household lives in a region for six months or more that offers the program.
3. The household must have at least one child and/or adolescent between 0-19 years of age.
4. The head of household must hold a valid DNI (national identification) card.
5. There must be a declared education institution and/or health facility where program conditions can be met.
6. A legal guardian of the participant is required to sign the Declaration of Commitment and Affiliation form for the Juntos program.

Conditions
In order to receive the Juntos cash transfer, the head of household must comply with the following conditions:\(^{46}\):
1. All children in the household must attend a registered education institution 85% of the academic school year, confirmed every 3 months.
2. Vaccination, health, and pre/post-natal care check-ups for the entire family, managed by CRED (Control de Crecimiento y Desarrollo).
3. Attendance in related capacity building activities. The frequency and themes of these courses vary based on location and organizing committee. Some examples are: healthy kitchens, illiteracy in women, nutrition and healthy eating, installing latrines, etc.\(^{47}\)
4. Participation in PAN (Programa Articulado Nutricional), the National Nutritional Assistance Program package for children under three years of age.
5. The use of chlorinated water and anti-parasite medication

Benefits
Once the conditions are met and confirmed, the beneficiary receives a bimonthly transfer totaling S/.200 (US$58.77) (two S/.100 (US$29.39)) in a personal account managed by the national bank (Banco de la Nación). All of the conditions must be met or none of the cash transfer will be awarded; it is not possible to receive a partial amount of the transfer for meeting some of the conditions.\(^{48}\) There are no variations in the amount transferred into the beneficiary’s account. If the earner is receiving the national minimum wage rate, the transfer amount equates to approximately 23% of a monthly wage.\(^{49}\) It is also important to note that the average household is composed of four people in Peru.\(^{50}\) The amount is standard regardless of the size of the family. Beneficiaries are free to withdraw the money and use it at their discretion. Their spending habits are not tracked.\(^{51}\)

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\(^{45}\) Juntos (2016)

\(^{46}\) Ibid.

\(^{47}\) Streuli p. 3 (2012).

\(^{48}\) Juntos (2016)

\(^{49}\) This figure was calculated using the national minimum wage rate of $US 260 (850 PEN/month) using an average of 30 days.

\(^{50}\) ArcGis (2016).

\(^{51}\) Ibid.
On an individual level, the monetary incentives promote an investment in human capital for a healthier, more educated youth population in impoverished areas, hopefully translating to a disruption in the intergenerational cycle of poverty. At the community level, the program provides an opportunity to build capacity through management committees and through the dissemination of relevant information in committee meetings. Additionally, it forms an organized group of women with shared interests to mobilize improvements that can benefit them, their children, and the community collectively.

**Program Implementation and Achievements**

**Coverage**
As one of Peru’s largest social programs, Juntos currently provides cash transfers to approximately 663,000 heads of household in 1,247 districts in Peru (out of 1,838). Recent data indicates the scope of the program includes 1,651,753 children and adolescents between the ages of 0-19 (or until the completion of secondary schooling) within registered households (reference Figure 3).

The program reaches all three regions of Peru, benefiting 21% of rural households, 77% of which are poor (45% extremely poor and 32% non-extreme poor) and 23% are non-poor. The sierra region has the largest portion of beneficiaries, followed by the coastal and Amazonian regions.

Juntos has a substantial reach and has increased the overall utilization of public health and education services in Peru. The influx of citizens utilizing the services, stipulated by the conditionality, motivates a stronger community-based demand for improved coverage and quality of services.

**Health**
Impact evaluation results from the World Bank from several years ago indicate an increase in levels of nationals seeking medical attention due to illness (22 percentage point increase from baseline), receiving vaccinations (7 percentage point increase from baseline), and getting regular check-ups (37 percentage point increase from baseline). These positive results were especially

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52 Cruz and Ziegelhöfer.” p. 7 (2014).
53 Juntos (2016).
54 Juntos (2016).
55 Robles p.69 (2012-2016).
57 Perova, Vikis (2009).
prevalent among children under the age of five, during the most crucial years of development and did not differentiate based on the gender of the child.  

In their five-year review of the Juntos program, Perova and Vikis (2012) found no significant effect on the vaccination uptake, most likely attributed to the lack of need for additional vaccinations on the part of participants. However, the authors did find a positive effect on the frequency of participant medical health visits. There was an increase in the utilization of health services for children under the age of six (69 percentage point increase from baseline), and households were more likely to seek medical attention in the event of illness (55 percentage point increase from baseline). Additionally, the probability of childbearing-age-women using contraceptives increased by 12 percentage points from baseline. The number of women seeking doctor-assisted delivery increased by 91 percentage points from baseline.

Other evaluations correlate medical attention with a reported increased quality of food for consumption, encouraging dietary diversity and overall food security within the beneficiary households. Recent studies used demographic health survey data from 2007-2013 to analyze several districts of beneficiaries; they found that there was a reduction of overweight women and a minimal reduction of malnutrition in children. Their propensity score matching and linear models also discovered an occurrence of anemia in children, but further studies were required to make any direct correlations between the program and this particular health affect.

**Education**

An initial impact evaluation of Juntos showed little influence on school registration (4% increase from control) and no measurable change in overall school attendance; however, concentrated impacts were found in transitional years when students graduate from primary to secondary school (10 percentage point increase from control). Despite minimal increases in registration and attendance, the Juntos program results at that time were consistent with other programs in Latin America.

A follow-up evaluation by the same practitioners confirmed the limited impacts from Juntos participation on school registration. However, Perova and Vikis (2012) found a significant increase in school attendance (25 percentage point increase from baseline) for those students enrolled in Juntos. Therefore, the impact of the transfer is not strong enough to influence the decision to register, or more likely, almost everyone is already registered; it does, however, encourage the beneficiaries to attend school if they are already registered.

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58 Ibid.
59 Ibid.
61 Ibid.
64 Ibid.
65 Perova, Vikis (2009)
66 Ibid.
68 Ibid.
Program Issues

Program Design Issues

Exclusion of Eligible Beneficiaries
Historically, social safety net programs have encountered many issues targeting their intended beneficiaries. The programs require tight coordination among numerous agencies, across sectors that have varied degrees of institutional capacity, with varied resources to work along, and all are expected to work with similar timelines. Juntos uses a threefold targeting technique, similar to other CCTs, that includes geographical targeting based on census data, proxy-means testing, and community-level confirmation through municipalities. Throughout this process many potential beneficiaries are either excluded because of the rigorous targeting or because their communities are not yet included, especially because the eligibility requirements are dependent on supply-side measures, such as the availability of educational and health services.

Benefit Size
Experience with other Latin American CCT programs have indicated that the payment must be enough to incentivize behavioral change (i.e., household investments in health and education) but cannot be large enough to deter any other income-generating decisions. In Peru the size of the cash benefit has been established to be equivalent to approximately 10% of the average mean consumption for households in the lowest income quintile.

The cash transfers have a significant impact on households but evaluations on the standard amount and the costs associated with withdrawal of the transfer should also be considered in the amounts allocated to beneficiary recipients. In other Latin American CCT programs, differential amounts of money are allocated based on the number, age, and gender of eligible members living in the household. This is not the case for Juntos. Also, other countries have a more extensive banking network in program areas. In the case of Juntos, some recipients need to travel significant distances to receive payments from their accounts in the Banco de la Nación or associated agencies.

Impact on Labor Market
A major issue in the Juntos program design is its lack of integration with training and employment programs. Over the past decade there have been changes to the eligibility requirements and conditions required of beneficiaries, but there is no systemic program to transition adolescents from secondary school to employment. Impact evaluations by the World Bank suggest “…no impact on labor market outcomes”. The provision and subsequent expansion of the Juntos program was intended to lift marginalized populations out of poverty; however, a lack of skills gained from sub-quality educational institutions has not led to a more educated population of skilled workers.

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70 Ibid.
72 Perova, Vikis (2009).
73 Ibid.
74 Ibid.
75 Ibid.
Program Implementation Issues

Rapid Expansion

The Juntos program has undergone multiple expansion phases since its initial pilot phase in 2005, as reflected in the graphic to the left. It was first implemented in 70 districts, mainly targeting communities in the Sierra region that were displaced or had suffered from the violent acts committed during the Shining Path insurgency. One year later, the second phase of the program expanded to broaden coverage in the previously established regions and additionally included 251 new districts. Another large expansion was approved in 2007, covering another 247 districts (reference Figure 4).

The rapid expansion, in such a short amount of time, coupled with relatively weak monitoring and evaluation methodologies impacted all aspects of implementation. While the Peruvian Government began the implementation of other social programs and reforms throughout the expansion phases, the efforts lacked “…a solid institutional framework upon which to build a coherent reform of social policy and programs.” In addition, there were significant issues found in the oversight and accountability systems.

Coordination

At the institutional level, there are issues coordinating the national level requirements with regional and municipal multi-step operations and difficulties in communication. These problems affect the community level implementation of Juntos negatively. Coordinating operational components requires strengthening institutional capacity of the overseeing agencies, increasing technical assistance, and prioritizing resource allocation to the targeted program regions. Though contributions from the World Bank have developed instruments to improve inter-institutional coordination, there are still shortcomings in the management of the CCT program.

76 Juntos (2016).
77 Jones, Vargas (2008).
78 Ibid.
79 MIDIS (2016).
81 Ibid p.4.
82 Ibid.
83 Ibid p.5.
Supply, Availability, and Quality of Services

Many of the regions where the program rapidly expanded did not have the proper resources or institutional capacity to accommodate the increased clientele. Juntos is limited by the health and education sectors that need investment in order to facilitate the program. This largely affected the targeting process, the quality of the services (i.e. health clinics and attention provided by medical staff as well as schools and teachers), and the distribution of the money transfer.

III. Problem Summary

In order to effectively reduce poverty, a country has to accelerate economic growth by increasing its technology and capital inputs while investing in labor productivity. Peru’s economic dependency on a few commodities coupled with weak governance, has limited its ability to provide greater opportunities to its citizens, especially those living in poverty. There is a large disparity between the rural and urban areas, creating a necessity to seriously address bridging the rural/urban divide through policies that promote equity. Marginalized populations have been neglected from receiving basic services and have been historically affected by violence and insecurity. The Peruvian Government has invested in social safety nets, such as the Juntos program, in an attempt to reduce poverty. Juntos has been recognized as a successful policy mechanism in Peru. Increased social indicators have been attributed to the effectiveness of the program. However, analyzing the program’s design structure and implementation strategy reveal an opportunity to improve Juntos’ impact on poor families in Peru and further address socio-economic disparities.

Policy Question

Based on a comparative analysis of Conditional Cash Transfer (CCT) programs in Latin America, what improvements can be made to the design and implementation of the Juntos program in order to maximize impact on poor families in Peru?

Client

The Ministry of Development and Social Inclusion (MIDIS) was created by the Ollanta Humala administration in Peru for the implementation of government social programs. MIDIS’s purpose is to promote social inclusion and ensure the oversight of social safety nets, including the Juntos program. MIDIS plays the primary role in decisions involving sectoral policy and the formulation, planning, implementation, monitoring and evaluation of programs.

Principal Goals and Objectives of Reform

The principal objective of reform is to further improve the design and implementation of the Juntos program to enable it to have maximum impact on multi-dimensional poverty in Peru.

85 Ibid.
86 MIDIS (2016).
IV. Stakeholders

Key Stakeholders
The key stakeholder in this policy analysis is the Peruvian National Government, under the Kuczynski Administration. President Kuczynski assumed his role in July of 2016 and has a vested interest in implementing effective poverty alleviation strategies. Supporting social programs such as Juntos can provide him a wide base of support from impoverished areas and demonstrate a commitment to addressing the needs of marginalized populations. Ultimately, he holds the highest degree of influence over prioritization of resource allocation and power over decision on social policies.

Primary Stakeholders
The primary stakeholders include the implementing agency, the Ministry of Development and Social Inclusion (MIDIS), and the Juntos beneficiaries themselves. MIDIS holds a moderate level of influence over the processes of the program but is constrained by the guidelines provided by the national government. The agency oversees organizational management of the program and directs regional offices on how to guide their local counterparts and committees. They also collaborate with supporting agencies, manage cross-sectoral coordination, and review the design and implementation agreements with multi-lateral partners. Juntos beneficiaries are also considered primary stakeholders, though they hold a low level of power, because they are directly affected by the decisions enacted by the Peruvian national government. Their interest, however, is high because they are living under the poverty line and Juntos provides access to basic services (health and education).

Secondary and Tertiary Stakeholders
There are various secondary stakeholders, holding varying amounts of influence over reform. Some of them provide substantial financial support for the program (i.e., The World Bank Group), while others provide the services required for the beneficiaries to comply with conditionality (i.e., local governments, health clinics, and academic institutions). There is an indirect relationship with these stakeholders, but they play important roles in the implementation or continued support of Juntos. Tertiary stakeholders are somewhat removed from the program itself but are proponents of the fundamental objectives that motivate the Juntos program—poverty reduction.

V. Comparison of CCT Programs in Latin America

CCT programs are one of the most prevalent social policy interventions in Latin America. A recent inventory finds twenty-six CCT programs benefitting over 135 million people. Subsequent waves of CCT programs emerged in the early and late 2000’s. The model programs have consistently been, and continue to be, Bolsa Familia and Prospera. As a result, many CCT programs are similarly modeled—borrowing certain elements from one another and modifying others to make them more effective in other cases. The programs include comparable eligibility requirements, conditions, and implementation schemes. Juntos is no exception. The distinctive

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87 Reference Annex 3
89 Stampini, Tornarolli p.28 (2012).
features, however, provide insight on how the Juntos program can be adjusted to be more effective. The comparative analysis below reviews the main features related to each program.

**Program Design**

**Similarities Among Programs**

**Objectives and Overarching Strategies**
Juntos, Bolsa Família, and Prospera operate with two main objectives: (1) to reduce current poverty and inequality, by providing a minimum level of income for extremely poor families; and (2) to break the inter-generational transmission of poverty by conditioning these transfers on beneficiary compliance with human capital requirements (school attendance, vaccines, pre-natal visits).

These components are the foundation of all Conditional Cash Transfer (CCT) programs and are essentially the same all over the world.

The overarching strategies for each program are tied to the composition of each country’s approach to reducing poverty, ending hunger, and increasing development. The general model for each CCT relates to the structure of their respective governing entities. For example, the Ministry of Development and Social Inclusion (MIDIS) in Peru integrates the Juntos program through a three-tiered social inclusion model that includes: Short Term Temporary Relief, Medium Term Skills Development, and Long Term Opportunities for the Next Generation. This model is implemented through the national policies outlined in the National Development and Social Inclusion Strategy.

The National Citizenship Income Secretariat (SENARC) in Brazil has a three-pronged model that separates each component of the Bolsa Família program based on the responsible entity (Ministry of Education, Ministry of Health, and their Federal Savings Bank), a result of previously separate programs that have now been merged under the national policy Brazil Without Extreme Poverty (Brasil Sem Pobreza Extrema).

Similarly, Mexico supports Prospera under The National Crusade Against Hunger (La Cruzada Nacional Contra el Hambre) which is operated between two government agencies, the Secretariat of Education and the Secretariat of Health, overseen by the Secretariat of Finance and Public Credit (SHCP).

In summary, all three programs have guiding national policies that integrate the design of their CCT program within the respective overarching strategy. Although their composition varies slightly, the differences are minimal.

**Eligibility Criteria and Verification Process**
Three basic components are required for CCT eligibility: 1) the household income must be below the poverty line, 2) the recipient must register their socioeconomic status through the formal registry designated by the program, and 3) the beneficiary must verify their socioeconomic status.

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90 Lindert et al. 6 (2007).
91 MIDIS (2012).
92 Henríquez (2017).
93 Henríquez (2017).
through the process indicated by the individual program.\textsuperscript{94} There are variations in eligibility criteria per program because they are designed slightly differently, and country context must be taken into consideration but these main categories remain consistent in all three CCT programs.\textsuperscript{95} The differences are often more inclusive multiple programs have been merged to mainstream administrative procedures as noted below.

One example of a difference in eligibility criteria for Bolsa Familia and Prospera is their inclusion of pension schemes for the elderly. The programs are geared towards families and therefore someone above the age of 65 that is retired but lives under the poverty line, is still eligible to receive the monetary benefit.\textsuperscript{96} This is not the case for Juntos because the program does not include pensions for the elderly. In Brazil, many of the social safety net programs are merged while Peru provides this service as a separate program with an entirely different process even though it is managed by the same governing agency.\textsuperscript{97}

**Conditions and Verification Process**

One of the inherent features of CCT programs is verified compliance with conditions. In the cases of Juntos, Bolsa Familia, and Prospera, the conditions are almost identical. All three programs have focused their investment in human capital through education and health. Beneficiary households must enroll their school-aged children in participating education institutions and children must attend school regularly (approximately 85\% of the school year); the monitoring of attendance varies among the programs.\textsuperscript{98} The health component requires timely registration at a participating health facility and attendance at scheduled health service appointments. The health appointments are based on the age of the beneficiary (pregnant mothers receive prenatal care and family planning sessions) and their children (infants receive vaccines while children and adolescents receive regular check-ups and physicals). In some cases, the conditions include medical appointments for the elderly as well.

Verification of the education and health conditions are similar for all three programs, but Bolsa Familia and Prospera extract their information from one streamlined registry which is confirmed by their Education and Health Ministries. All three programs update beneficiary information at the local level based on municipal level administration. In Peru, the Juntos verification for eligibility process includes periodic home visits and validation assemblies (where the community identifies or validates participant families) with automatic recertification for up to four years. Bolsa Familia requires the beneficiary to recertify their eligibility every two years and Prospera requires recertification every eight years.\textsuperscript{99} However, Bolsa Familia and Prospera use a similar computerized system that advises the beneficiaries of their pending recertification through a notice on their most recent payment withdrawal or an outreach initiated by the governing agency while Juntos has local targeting and recertification teams (known as Equipos de Focalización y Recertificación) that take charge of this process, as directed by the municipal representative. All

\textsuperscript{94} Fiszbein et al. (2009).
\textsuperscript{95} Ibid.
\textsuperscript{96} Henríquez (2017).
\textsuperscript{97} Henríquez (2017).
\textsuperscript{98} Fiszbein et al. (2009).
\textsuperscript{99} Henríquez (2017).
three programs coordinate verification between a national registry and the local municipal administration of each beneficiary household.

**Differences Among Programs**

**Benefits and Payment Scheme**

Each CCT program provides the monthly monetary benefit by transferring a direct payment through a bank card tied to an account opened in association with a family’s initial registration and eligibility for the program. The major difference between the programs is their distinct benefit frameworks and payment schemes.

Juntos provides a flat bimonthly benefit payment scheme of PEN/200 (USD$ 60), via two payments of PEN/100 transferred to the Banco de la Nación banking regardless of family size, sex of beneficiary child/children, or age of beneficiary child/children. This is a very simple framework in comparison to Bolsa Familia and Prospera. The size of the benefit is 23% of the monthly income based on the national minimum wage.\(^{100}\)

Bolsa Familia’s payment scheme determines the amount of the monthly payment based on the composition and income of the family. The Basic Benefit (BB) monthly is BRL/77 (USD$ 25), the amount to overcome extreme poverty as determined by the Brazilian Government.\(^{101}\) This base amount is exclusively for families living in extreme poverty as determined by their initial registration. If a family falls into the category of Variable Benefit (BV), then they have been determined to be living in extreme poverty or in poverty and also have a pregnant or lactating woman and/or children and adolescents up to 15 years of age. The benefit amount is BRL/35 (USD$ 11.30). A family can receive up to five of these benefit payments.\(^{102}\) The Variable Youth Benefit (BVJ) includes families living in extreme poverty or poverty and whose composition includes adolescents between the ages of 16 to 17 years of age. The amount is BRL/42 (USD$ 13.40) per adolescent and a family can receive no more than two of these payments.\(^{103}\) The average monthly payment to families enrolled and in full compliance of conditions is BRL/169 (USD$ 55).

![Figure 5: Possible Configurations of Benefit Payments for Bolsa Familia](Image Source: IADB Best Practices CCT (2015))

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100 Trading Economics (2017).
101 Lárraga (2016).
102 Ibid.
103 Ibid.
Based on the national minimum wage this amount covers approximately 18% of monthly income.\footnote{Trading Economics (2017).}

Prospera has a different payment scheme than Bolsa Familia but also uses a sliding scale to determine the benefit amount. The composition of the family, age of dependents, gender of dependents, and their academic grade level is taken into consideration as well. The base benefit amount noted in Figure 6\footnote{The currency conversions rates are from December 31, 2014.}, indicates that the amount of money needed to sustain the basic nutritional needs of an adult is Mex$335 (USD$22.70).\footnote{Gobierno de los Estados Unidos Mexicanos (2013).} A complementary amount of Mex$140 (USD$9.48) will be added for an additional head of household. An infant provides the household with an additional Mex$120 (USD$8.13) and an elderly adult provides the household with an additional Mex$370 (USD$25.07) to the base amount (Mex$335).\footnote{Lárraga (2016).} The school-aged children are not included in the breakdown above because they receive specific amounts according to their gender and their academic grade level. As per Figure 7\footnote{The currency conversion rates are from December 31, 2014.}, the amounts transferred for boys and girls are equal in primary school but increase as they reach a higher grade level, ranging from Mex$175 (USD$11.86) in first grade to Mex$350 (USD$23.72) in sixth grade. Once the beneficiaries enter secondary schooling the benefit amount increases per grade level and is higher for girls because the incidence of pregnancy is high in that age range and their drop-out rate is higher than their male counterparts.\footnote{World Bank “Project Appraisal” p.13 (2011)} Prospera also offers a benefit payment to students attending school for the disabled and tertiary school, allowing a broader and more inclusive coverage. Additionally, an annual benefit for school supplies is provided to households that have dependents attending primary, secondary, special-needs, and tertiary schools. The maximum payment that can be given to a beneficiary family is Mex$1825 (USD$123.69), but the average payment to a family is Mex$879 (USD$59.57).\footnote{Gobierno de los Estados Unidos Mexicanos (2013).} The average payment per

\begin{table}[h]
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\begin{tabular}{|l|c|c|}
\hline
\textbf{Base Benefits} & \textbf{Mex$} & \textbf{USD$} \\
\hline
Food & 335 & 22.7 \\
Complementary Food & 140 & 9.48 \\
Infant & 120 & 8.13 \\
Elderly Adult & 370 & 25.07 \\
\hline
\end{tabular}
\caption{Monthly Payment Amount (valid Jul.-Dec. 2014) for Prospera}
\end{table}

\begin{table}[h]
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\begin{tabular}{|l|c|c|c|}
\hline
\textbf{Primary School Grade} & \textbf{Boys} & \textbf{Girls} & \textbf{USD$} \\
\hline
First & 175 & 34.91 & 34.91 \\
Second & 175 & 36.06 & 36.06 \\
Third & 175 & 40.67 & 40.67 \\
Fourth & 205 & 1120 & 67.10 \\
Fifth & 265 & 17.96 & 17.96 \\
Sixth & 350 & 23.72 & 23.72 \\
\hline
\end{tabular}
\caption{Monthly Amount for Educational Support (valid Jul.-Dec. 2014) for Prospera}
\end{table}

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\begin{tabular}{|l|c|c|c|c|}
\hline
\textbf{Secondary School Grade} & \textbf{Boys} & \textbf{Girls} & \textbf{USD$} \\
\hline
First & 515 & 36.60 & 36.60 \\
Second & 540 & 40.67 & 40.67 \\
Third & 570 & 44.73 & 44.73 \\
\hline
\end{tabular}
\caption{School for the Disabled}
\end{table}

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\begin{tabular}{|l|c|c|c|}
\hline
\textbf{Tertiary School} & \textbf{Boy} & \textbf{Girl} & \textbf{USD$} \\
\hline
First & 865 & 990 & 67.10 \\
Second & 925 & 1055 & 71.51 \\
Third & 980 & 1120 & 75.91 \\
\hline
\end{tabular}
\caption{School for the Disabled and Tertiary School}
\end{table}
family (Mex$879) is 36% of the monthly income based on national minimum wage rates.\textsuperscript{112} So Prospera is relatively the most generous CCT program while also being the most complicated.

\textit{Exit Strategy}

A major concern with CCT programs is that they are used as a permanent policy mechanism rather than a form of temporary relief. Despite efforts to set a defined period after which beneficiaries should leave the program, it has proven difficult to enforce.\textsuperscript{113} The risk in providing a CCT program without a clear exit strategy is that beneficiaries will become dependent on the cash transfer rather than independent income-generating contributors.\textsuperscript{114} The recertification process also recognizes a need to promote independence but does it at a slower rate, periodically assessing the poverty status of the beneficiary. Each program takes its own approach to how their beneficiaries achieve sustainable independence and exit the program.

MIDIS, the oversight agency for Juntos states “Exit strategies from social programs involve a set of coordinated actions to ensure that, when a household ceases to be a user as a result of applying the operating regulations, it does not become vulnerable once more.”\textsuperscript{115} If a Juntos beneficiary successfully exits the program, it implies proper coordination among MIDIS, the education sector, and local governments. Additionally, the program assumes the quality of education has improved life skills enough to improve livelihoods.\textsuperscript{116} However, MIDIS provides complimentary social programs to help the beneficiary exit the program successfully. These programs are FONCODES (Fondo de Cooperación para el Desarrollo Social or Cooperation for Social Development) a program that develops skills and generates economic productivity through small-scale agriculture (i.e., organic gardens, rearing small animals) by promoting collective assets.\textsuperscript{117} The progression of these programs is noted in Figure 8. MIDIS applies a three-tiered approach: it begins with initial short-term support for children under 36 months, followed by medium-term social programs, Juntos and Qali Warma, that work in conjunction with each other for school-aged children, and is followed by long-term support by FONCODES for young adults beyond secondary-aged adolescents, followed by a social program for the elderly, Pensión 65.\textsuperscript{118} Exit strategies for Juntos are explained through the use of other social programs, but these programs are implemented on a much smaller scale. For example the FONCODES programs are only implemented in 231 districts while Juntos is implemented in 1,298.\textsuperscript{119}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure_8.png}
\caption{MIDIS Social Programs}
\end{figure}

\textsuperscript{112} Trading Economics (2017).
\textsuperscript{113} World Bank “Project Appraisal” p.12 (2011).
\textsuperscript{114} Medellín et al. (2015).
\textsuperscript{115} MIDIS (2012).
\textsuperscript{116} Ibid.
\textsuperscript{117} Ibid.
\textsuperscript{118} Ibid.
\textsuperscript{119} MIDIS (2017).
The Bolsa Familia CCT operates under a rights-based approach. There is no set exit strategy, though there are complimentary social programs. Beneficiaries can be a part of the program as long as they are still eligible and the family continues compliance with the conditions. Bolsa Familia uses two main instruments to assist their beneficiaries in the exit process: (1) Education incentives: there is a higher monetary transfer for older children who stay in school and (2) complimentary actions: social assistance links to other programs. SERNAC separates these programs into two categories: Rural and Urban. Both categories have limited availability but give priority to previous Bolsa Familia participants. Recent data shows an average of 125 thousand families leave Bolsa Familia each month. The inward and outward flows are continuous: those who no longer need support exit the Program while new rights-holders are registered. Approximately three million families have left the Program because their income level increased beyond the threshold; another 3.2 million left since 2003 because they did not meet other criteria (e.g. their children aged). Despite not having a designated time limit, families are still required to recertify their eligibility and therefore, cannot stay in the program indefinitely.

Prospera’s notable focus is the use of structural enhancements within the payment scheme to provide a natural progression to sustainable independence. The gradually increasing benefit amount throughout secondary and tertiary school provides an embedded incentive for beneficiaries to continue education, especially if they are female. Additional funds awarded to girls over boys adds an incentive for girls to continue education, encouraging them to pursue education and change the composition of traditional family units. Similar to MIDIS and SERNAC, SHNC links productive development programs to Prospera as a way for families to exit and partake in other skills-enhancing programs. Unlike Bolsa Familia, these programs are not separated into categories (urban and rural) and there are more options to choose from. Some programs are geared towards women while others are focused on young entrepreneurs; an adjustment made in 2013 after survey responses indicated 71% of them would like to have their own business and that 36% of them have plans to start a business. Overall, the Prospera program seems to emphasize women more than the other two, offering them specific opportunities to enhance their skill set.

**Monitoring and Evaluation**

A component of institutional design for CCT programs is a comprehensive monitoring and evaluation (M&E) system. Including proactive measures to track the number of beneficiaries, their compliance with conditions, and their progress can be incredibly beneficial to implementing a social program that addresses the needs of its constituents while adjusting to any changes that emerge. The information gathered from this type of data can be used in subsequent years for impact evaluation reports and for high-level policy decisions.

The Juntos program did not include a systemic M&E framework in its initial design. The lack of quantitative information adversely affects the amount of impact that can be correlated directly to

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120 Lárraga (2016).
121 Lindert et.al (2007).
123 Ibid.
124 Lárraga (2016).
125 Ibid.
127 Fiszbein et al. (2009).
the program causing mixed reactions to its continued support and its various expansions. Evaluators have used national survey data to explain the value of the program and the program has taken steps to improve their monitoring of beneficiaries, but there are still missing links. Recently, MIDIS began the development of an information system which can benefit Juntos and other social programs in Peru alike.

Bolsa Familia, having been the first large-scale CCT, adopted a comprehensive M&E system from the onset. “The program closely monitors the quality of implementation practices by tracking the accuracy of registration and by measuring the degree of compliance with conditionality.” The decentralized format of the program is functional because there is one unified information system that can be accessed and updated by the Ministry of Education and the Ministry of Health, which manage each component separately. Municipalities also play an important role, monitoring the registrants and updating the system accordingly. Every step of the process is recorded and monitored to ensure the program is as efficient as possible (reference Figure 9).

Prospera, like Bolsa Familia, included comprehensive M&E systems in the program’s initial design. Since Prospera was the second program of its kind, it needed to carefully assess effects on the day-to-day life of participating families. Evaluation is an essential element of the Program, since evaluation results and impacts and can also point to corrective design features, improved processes, and increased efficient use of resources. The enactment of a General Social Development Law (LDGS) in 2004 established a legal framework that required periodic “compulsory external evaluation and follow-up activities for all social programs” and “implemented a Performance Evaluation System (SED) to reinforce the transparency between public spending and allocation of funds.” Subsequent evaluations have led to modifications in the monetary amount disbursed, the payment scheme framework, and the complimentary programs that link beneficiaries to the formal labor market. These evaluations help facilitate accurate identification of results and impacts attributable to the Program, sorting out those resulting from other factors at the individual, family, and community levels. Furthermore, evaluation of the Program has revealed the actual impacts of the Program, the synergies among its components, and the consequences on family dynamics and status of women.

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130 Ibid.
131 Lárraga (2007).
133 Ibid.
136 Ibid.
137 Valle (2016).
Program Implementation

Similarities Among Programs

Rapid Expansion
Social protection in Latin America was originally oriented as in-kind goods or pensions, but they were subject to market shocks and often left people vulnerable. At the end of the 1990s, Brazil introduced a new innovative social policy mechanism that would become the model for a large expansion in social programming. Brazil began with municipal programs which led to replication, followed by sector-specific federal programs, and ultimately large-scale national policies. The programs, which spread to other countries in Latin America and elsewhere were incredibly popular among constituents and other governments took the positive reaction as a call to action. The adoption of CCT programs moved swiftly, Figure 10 demonstrates the wave of CCT-modeled programs between 1997 and 2008.

Introduced in 2003, Bolsa Familia merged a number of different federal Brazilian social programs—the Bolsa Escola, Bolsa Alimentação, Cartão Alimentação and Auxílio Gas, which aimed at improving school enrollment, household food consumption, and lowering household fuel costs. In 2004, the first year of the Bolsa Familia program, there were 1.2 million beneficiaries and two years later the program was reaching up to 11 million beneficiaries so the expansion was rapid. In part, the rapid expansion was attributed to pressure put on the Government and high expectations from the previous social progress brought on by initial CCT programs. It currently covers a large portion of the Brazilian

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139 Ibid.
140 Fiszbein et al. (2009).
141 Ibid.
143 OGlobo (2012).
poor population, equivalent to over 13 million Brazilian households or about one-quarter of the total population.\textsuperscript{145} It is the largest CCT of its kind in the world.

Similarly, the implementation of \textit{Progresa} (renamed \textit{Oportunidades} and later \textit{Prospera}) began as a federal program in August 1997 and was scaled up multiple times.\textsuperscript{146} In that first year of operation there were 300,705 families participating, in the second year (1998) there were 1,595,604 families participating, and by the tenth year (2008) there were 5,049,206 beneficiary families.\textsuperscript{147} The pilot phase incorporated both geographical expansion and target groups based on income level. The transfer schemes added conditionalities for education, health, and nutrition.\textsuperscript{148} This initial stage only covered rural areas but subsequent expansions included urban areas as well.\textsuperscript{149} Some evaluators relate the rapid expansion to the fuel and food crisis in the 2000’s, a way to mitigate the effects on impoverished populations.\textsuperscript{150} By August of 2006, \textit{Oportunidades} (previously \textit{Progresa}) was covering nearly all of the population living in extreme poverty.

Juntos also experienced a rapid expansion, increasing from the pilot phase where only 22,550 houses were enrolled to fifteen times that amount by the third year when 353,067 households were enrolled. Juntos has continued to expand, only stagnating as a result of the financial crisis 2008-2010. In 2016 Juntos reported 763,574 households in rural and urban districts all over the country.

\textbf{Coverage}

The expansion of CCT programs holds an innate relationship with the rate of coverage provided in each country. The Bolsa Familia, Prospera, and Juntos programs are among the largest in Latin America and their coverage strategy is similar in nature. All three programs have transitioned from pilot programs aimed at providing support to rural impoverished communities to inclusive rural and urban target groups that meet the eligibility criteria. Their geographic coverage includes nearly 100% state coverage and high proportions of their extremely poor populations. Total coverage for the Bolsa Familia program is near 14 million families.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure11.png}
\caption{Coverage of Bolsa Familia Beneficiaries since 2003}
\end{figure}

\textsuperscript{145} ILO Social Protection (2015).
\textsuperscript{146} UNDP (2011).
\textsuperscript{147} Prospera (2015).
\textsuperscript{148} UNDP (2011).
\textsuperscript{149} Ibid.
\textsuperscript{150} Soares (2012).
approximately 48 million people, and about one quarter of the country’s total population as noted previously (reference Figure 11). The program’s expansive converge is achieved by an expenditure that comprises .5% of Brazil’s GDP. After more than a decade of operation Bolsa Familia has cut extreme poverty from 9.7% to 4.3%. Additionally, income inequality has decreased, shifting the Gini coefficient to 0.527, a 15% decrease since the program was scaled up from three existing initiatives into one unified program 14 years ago. Coverage was largely impacted by the consolidation of serval administrative structures to create the Cadastro Único (single registration). This is an effective tool to ensure the proper management of various social programs in one central information system, reducing inefficiencies such as duplication. The Cadastro Único provides collaborating ministries access to information that allows them to verify relevant conditionalities. Additionally, the registry allows for rapid and effective scale-up of existing programs and pilot initiatives.

Prospera, similar to Bolsa Familia, has national coverage in 115,995 localities where there is access and availability of services (i.e., schools and health clinics). Prospera can be found in both rural and urban settings and includes more than 20% of the total households in the country, approximately 52% of the poor population. Mexico’s expenditure on Prospera is .4% of its GDP, a minimal amount for an inclusive program. Prospera provides monetary transfers to 6,129,125 families, including 13,718,745 women, 12,250,799 men, and has presence in 2,456 municipalities in every state in the country. As per Figure 12, the extensive coverage is concentrated in the central part of the country. Coverage in Prospera is largely determined by the government surveys and census data that are reviewed to select communities with high rates of poverty and poverty-related issues. Unlike Bolsa Familia, Prospera was initiated to operate in place of other social programs, such as food subsidies, rather than in addition to because of budgetary constraints.

Juntos has proportional coverage in its country context when compared to Bolsa Familia and Prospera. The program is present in rural and urban areas except in three states—Tumbes, Ica, and Moquegua. The most recent additions are select areas in the Madre de Dios.

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152 Wetzel (2013).
153 Ibid.
154 Lindert et al. (2007).
155 Ibid.
156 CONEVAL (2015).
157 Ibid.
158 Gobierno de los Estados Unidos Mexicanos (2013).
159 Hollingshead (2017).
160 Alarcón (2016).
Ucayali, and Tacna departments which were added in 2016. Juntos has 1.6 million beneficiaries, which includes 745,329 households registered out of which 672,529 are complying with the conditions to receive the monetary benefit. Approximately 10% of the total population receives a benefit and universal coverage of the population living on $1.90 a day is covered by the program. The Juntos program consumes around 0.2% of the country’s GDP and 18% of the country’s social inclusion programs expenditure.

Supply, Availability, and Quality of Services

The supply-side is an important factor, both in terms of the quality of services and how they are provided. Rapid expansions are more inclusive but often fail to consider the necessary increase in education and health facilities to accommodate the surge of beneficiaries. In many rural communities the services are not available or are difficult to access, preventing sub-groups of beneficiaries from meeting the conditions or costing them a significant portion of their monetary benefit. If the supply-side measures are not of a reasonable quality or they are not sufficient, the objectives of the program cannot be met.

In Brazil the issues with supply-side services are related to regional development. The northeast region of the country is less developed than the rest of the country, but it is where 49% of beneficiary families reside. The health centers in the area are often inadequate, difficult to access, and overburdened. Additionally, schools in the area are neglected and there are insufficient teachers for the number of students, making it difficult to foster a learning environment. In 2006, the public expenditure per capita was 42% higher in the southeast compared to the northeast. Public spending in the northeast was below the Brazilian average and the trends in spending have not changed to fill this gap in recent years. If there is not a proper supply in infrastructure, the impact of the intervention is limited. CCTs “…can themselves only function properly in terms of strengthening demand for and democratizing access to basic social services, such as education and health, if the actual supply of such services is adequate in the first place.”

In Mexico, evaluations for the Progresa program found that after beneficiaries were enrolled in the program for more than three years, their school enrollment increased and they sought out more frequent medical attention. Though this evaluation was an achievement for the program, it prompted a supply-side evaluation that determined the government needed to invest more, not only in the infrastructure of facilities, but also in the quality of health and education services they were incentivizing people to participate. Furthermore, targeting mechanisms adopted from previous frameworks of Progresa required communities to answer survey questions referencing their perception of access to health and education services; “Access to health services and education

162 Handa, Davis (2017).
163 Fiszbein et al. (2009).
164 Aste et al. (2014).
166 Ibid.
167 Ibid.
168 Sanchez-Anocochea, Mattei (2011).
169 Ibid.
171 UNDP (2011).
was defined, when these services were unavailable within localities, according to proximity to roads, considering the differential ground access between localities due to different distances from and to roads.\textsuperscript{172} The survey information was used to determine if the program was feasible. If the relevant infrastructure did not exist, the information was reported to pertinent agencies.\textsuperscript{173} This geographic targeting has allowed for more effective accessibility which has been noted in fewer external reports as an issue pertaining to coverage.

Juntos, in 2005, allocated 120 million soles to the pilot phase of the program. The financing covered 110 districts, mainly in the sierra regions largely affected by the Shining Path insurgency. These regions of the country persistently lack access to basic services, including education, health, water, and electricity. The expansion of the program has continued to grow—doubling its reach in the pilot phases, staying relatively the same throughout 2007 to 2011, and then growing rapidly in 2012.\textsuperscript{174} The budget has been consistently allocated as follows: 10\% for operational costs, 30\% to strengthen the supply of basic services, and 60\% for the cash transfers.\textsuperscript{175} However, the amount of budgetary assistance projected for increases in service coverage, both for education and health services, has not increased proportionately with the increase in the services sought out.\textsuperscript{176} In 2015 a 25\% increase in social spending was approved, including funding to the Juntos and Pension 65 program, but there are still considerable gaps that need to be addressed.\textsuperscript{177} Similar to Brazil’s regional disparities in underdevelopment, Peru’s education and health indicators vary dramatically from region to region. For example, the level of schooling in Lima is approximately 11 years, while in Huancavelica it is 5.5 years (where the extreme poverty rate is 59.9\% of the population). Increasing the likelihood of inclusion requires a serious investment in infrastructure and public services to compliment the behavioral changes encouraged by social programs.\textsuperscript{178}

**Major Lessons**

The comparative analysis above has provided evidence on some of the factors that contribute to effectively implementing CCT programs. The objectives and structures of the program are similar but their methods to accomplish the objectives differ. In some cases, the maturity of the program is a direct result of feedback loops from a robust M&E system, but in other cases the notable differences are in the design, implementation, and supply-side provisions. Below are some of the relevant lessons for Juntos to consider.

- *Improving the structure of the Juntos transfer system can increase impacts on human capital development.* The traditional one amount per household regardless of the composition of the family does not contribute to either central objective of the program. The opportunity cost of meeting the conditionalities is greater in households where there are more children, both for schooling and the loss of income related to employment; increasing the benefits of the program may be necessary for the beneficiaries to meet the requirements of the program. “In general, the poorer a household, the higher the cost (both financial and in terms of effort and human resources) for reaching it and including it in a social protection program and related social

\textsuperscript{172} Pública, Instituto Nacional De Salud, p. 5 (2005).
\textsuperscript{173} Altangerel (2011).
\textsuperscript{174} Juntos (2017).
\textsuperscript{175} Jones, Vargas, Villar (2008).
\textsuperscript{176} Streuli (2012).
\textsuperscript{177} IMF (2015).
\textsuperscript{178} Ibid.
Without a greater transfer, the probability that the participants will meet their needs and reach economic independence decreases.

- **The absence of a strong monitoring and evaluation system impacts the effectiveness of the program.** Many CCT programs embedded M&E schemes into their roll-out, providing them with reliable baseline data and permitting experimental assessments. The Juntos program did not include this important feature which limits their evaluations to non-experimental techniques relying on secondary data. Additionally, Peru lacks a centralized information database that can facilitate linkages among collaborating agencies, an element of administrative design that has remedied issues in Brazil and Mexico. Strengthening these systems could help the program improve in the long-term because results can highlight where resources need to be targeted; also in the short-term, it can provide immediate information for the decentralized framework of multi-level administrators (local, regional, national). Additionally, detailed information about the beneficiary’s education level and health status is needed to derive clear correlations from program conditions to improved indicators for beneficiary populations.

- **CCT programs need to be complimented by adequate supply-side services.** One of the challenges in making school attendance and regular health appointments a condition of the program is that impoverished populations often do not have access, or receive low-quality services, making it difficult to achieve the intended objectives of the Juntos program. There needs to be an emphasis on the services that accompany the transfers in order to maximize the impact of the intended behavioral change. Multi-dimensional poverty is not limited to income—it reaches a broad range of resources that include access to the basic services outlined by the program itself. Increased efforts to facilitate the access to, and quality of, services are necessary to make the program more effective; the outcomes of the program depend largely on the provision of these services.

### VI. Evaluation of Options to Improve the Juntos Program

#### Evaluation Criteria

The principal dimensions of CCT programs have been compared in the previous sections of this research in order to arrive at recommendations to improve the Juntos program. The evaluation of policy options considers four criteria: equity, effectiveness, efficiency, and feasibility. The ranking system used in this research is low, medium, and high where low indicates the least degree of meeting the criterion and high indicates the highest degree of meeting the criterion. Each criterion is evaluated independently of the other and therefore a low/high score in one criterion does not have bearing on another criterion.

- **Equity:** Reforms need to ensure that there is more equitable access to Juntos’ benefits.
- **Effectiveness:** Reforms need to increase the program’s contribution to reducing poverty and inequalities. Also, reforms should contribute to program beneficiaries’ transition

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179 Robles et al. (2015)
180 Ibid.
181 Ibid.
182 Amarante, Brun (2016).
from the short-term objective of limited relief to the long-term objective of independent economic stability as a result of investment in human capital.

- **Efficiency:** Reforms should reinforce Junto’s ability to provide more benefits without significantly increasing implementation costs.
- **Feasibility:** The reforms can be achieved with the institutional and administrative capacity that currently exists within MIDIS and local government

### Ranking Policy Alternatives

<table>
<thead>
<tr>
<th>Policy Alternatives</th>
<th>Total Score</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option 1:</strong> Status Quo – The Juntos program makes no changes</td>
<td>40</td>
<td>4</td>
</tr>
<tr>
<td><strong>Option 2:</strong> Improve Design Features – Launch a payment scheme that considers the composition, age, and gender of household</td>
<td>69</td>
<td>1</td>
</tr>
<tr>
<td><strong>Option 3:</strong> Improve Implementation Features – Introduce a structured monitoring and evaluation system</td>
<td>54</td>
<td>3</td>
</tr>
<tr>
<td><strong>Option 4:</strong> Increase Supply-Side Measures – Provide more schools and medical facilities for beneficiaries</td>
<td>34</td>
<td>5</td>
</tr>
<tr>
<td><strong>Option 5:</strong> Integrated Approach – Address selected issues at all levels</td>
<td>61</td>
<td>2</td>
</tr>
</tbody>
</table>

**Option #1: Status Quo**

The status quo alternative does not make changes to the current Juntos program processes. It was ranked as the forth option in the Criteria Alternatives Matrix. It received a low ranking in equity because even though Juntos is a national program, it is not reaching many of the most vulnerable and impoverished populations in the country. Moreover, the traditional payment scheme does not make it equitable for families with more than one child, neglecting the increased costs that schooling and health appointments incur. Effectiveness was ranked in the medium range. Based the central objectives of the program (temporary relief through monetary transfers and the interruption of the intergenerational cycle of poverty through an investment in human capital), while strong on temporary relief, Juntos does not seem to have a significant impact on labor quality and exit strategies are weak. Currently, beneficiaries age out of the program or, if they live in one of the districts where the FONCODES program is implemented, they can enter another program where their skills (mainly in agriculture) can be reinforced. Juntos relies on public education to bridge the gap from secondary schooling to the formal job market but the quality of public education is also a national concern. In regards to the medium rankings in efficiency and feasibility, the program has made discernable gains; facilitating provision to underserved populations and has managed to remedy some administrative issues, but there are issues with coordination and management that need to be addressed. The results of the alternatives options matrix make it evident that there is an urgent need for intervention in the current program.

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183 IMF p. 19 (2014)
**Option #2: Improve Design Features**

CCT programs on a sliding scale recognize the opportunity costs associated with school attendance, specifically with older students in secondary school which encourages them to pursue education over risky behaviors or entering the informal job market.\(^{184}\) The Enhanced Payment Scheme option is ranked as the highest alternative option, improving a key design feature of the Juntos program. It ranks particularly high among the options because it requires a shift of a single program design component but substantially impacts each criterion outlined previously. The updated payment scheme would be similar in complexity to the one used by Prospera in Mexico where the overall success has been unmatched. Equitable access to the Juntos benefits would be elevated because there would be a higher degree of generosity imbedded in the payment by taking into account the dimensions of the family. The effectiveness of the program is increased as an enhanced payment scheme more accurately addresses the central objectives for beneficiaries. This option ranked in the medium range for efficiency and feasibility because the mechanisms of the existing payment system make it plausible to scale-up the suggested changes, but it would still require a transition period and updates to systemic processes. Though costs would be incurred, there would already be an organizational and institutional structure in place for the system to be implemented.

Bolsa Familia and Prospera implement sliding scale schemes and are supported by rigorous quantitative and qualitative studies that suggest it is a key component to their success. The current traditional payment scheme in Juntos limits the amount of support provided to each household despite having to comply with the conditions required for individual beneficiaries. This is especially the case for families with multiple children where the costs of their basic needs and school enrollment are incremental. The flat benefit necessitates the rationing of the transfer within families and implies that the incentive for the learned behavior does not need to be reinforced with every successive child.\(^{185}\)

**Option #3: Improve Implementation Features**

Introducing a structured M&E system to the implementation side of the Juntos program ranked as the third most viable option in the alternative matrix. This option ranks low in equity because it focuses more on the operational administration aspects and the long-term effects of monitoring the conditionalities, rather than direct changes that affect the beneficiary directly. Evaluating Juntos could lead to changes that could improve the equitable distribution of benefits, but changes, if implemented, take time and wouldn’t necessarily have an immediate impact. In reference to effectiveness, this option received a medium ranking because it does not address the core objectives directly, but it could ultimately lead to positive change. The results can provide better targeting mechanisms and stronger guidelines for how to manage resources more effectively at the institutional level, which is why this option ranked high on efficiency and feasibility. Furthermore, results-based approaches with concrete evidence provide the oversight committee with important information on trends and issues, and most importantly—strategy for more effective implementation.

This would begin by providing a more efficient and transparent information on Juntos’ performance. The current website provides only basic information and is hard to manage; collecting and providing the information would increase accountability and commitment to the

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\(^{184}\) Fiszbein et al. (2009).

\(^{185}\) Ibid.
objectives of the program. Currently there is one overseeing agency for the Juntos program; designating an additional committee to perform evaluation could help streamline these efforts and would assist MIDIS in making clear connections from the community level to the national level about impact. Junto’s positive effects have been established, but quantitative evidence can support the reduction of short-term poverty and increase the provision of education and health services where these are lacking in either quantity and quality.

The difficulty in finding evidence-based results for Juntos is an important point that cannot be ignored. Peru’s CCT program was implemented without a strong M&E system, unlike other model CCT programs. Despite various expansions and updates, the program has not invested in regular evaluations. As a result, subsequent impact evaluations require complex econometric methods that attempt to replicate and correlate the exact impacts of the program. Evidence-based results tend to provide a more favorable policy environment and could strengthen the opportunity for increased budgetary assistance and adjustments for a greater influence on vulnerable populations.

Option #4: Increase Supply-Side Measures
Increasing the supply-side services to provide beneficiaries with increased access to basic services ranked fifth among the alternative policy options. Medium rankings for both equity and effectiveness were given because it only affects a sub-group of the Juntos beneficiary population. It would positively extend the reach of the program where there is currently no access to schools or health facilities (which calls attention to the government’s provision of basic needs) but even with an expansion of services, there is no assurance that the quality will incrementally improve the effectiveness of the program objectives. Also, this option ranks low in both efficiency and feasibility because it would be costly, especially in regions where there is limited infrastructure and institutional organization in place. Additional capacity development and training modules or increased administrative staff would also be necessary.

Option #5: Integrated Approach
The integrated approach addresses selected issues at all levels and ranked second out of the five proposed options. The approach would directly address equity and effectiveness issues by implementing a payment scheme, similar to the Bolsa Familia model where the sliding scale considers the composition and income of the family but not individual characteristics like grade or gender which is less complex. Efficiency ranked medium in this option because updating the payment scheme in Peru where the average household size is 4 persons would suggest an increase in budgetary support. Also, there would need to be a shift in the current M&E system, merging household information for participants in social systems into one unified system would remedy some administrative issues. In order for the program to respond to societal needs and for favorable policies to synchronize with the impacts of the program, there needs to be more transparent and manageable access to data on the program. This is a good starting point. This option ranked lowest in the feasibility criterion because it’s ambitious, multiple changes in a short period of time are difficult to implement when the capabilities of the government are constrained. Peru suffers from a weak governance structure and often battles corruption. Incremental changes are typically managed more successfully in these environments.
VII. Recommendations for the Juntos Program

The Overarching Policy Recommendation\textsuperscript{186}

The preferred policy recommendation would be Option 2: Launching a payment scheme that considers the composition, age, and gender of the beneficiaries/dependents of the program. Option number one makes no changes to the current program which does not directly address the needs of many impoverished communities in Peru. Option three would improve the systemic shortcomings and could influence adjustments to the program but would not focus on the immediate needs of its beneficiaries. Option four would provide increased access to public services and might strengthen coverage in vulnerable areas, but it would require strong budgetary support and increased quality assurance. Both would be costly and would not ensure increased benefits from the Juntos program. Option five would be ideal but prevalent governance issues make concurrent changes too ambitious to undertake at this time.

Prerequisites and Complementary Actions for Success

Financial Inclusion

Based on a recent country assessment, only one fourth of adults in Peru have a bank account.\textsuperscript{187} Even though Juntos received a favorable response to electronic transfers because of the reduced time queuing to collect payments, there is an urgent need to promote financial education—especially in indigenous populations where Juntos impacts a high portion of people.\textsuperscript{188} The vast majority of people in these areas do not understand the banking system and often have difficulties using ATMs.\textsuperscript{189} Qualitative research has found that issues are often linked to illiteracy. Recent surveys cited limited financial literacy and financial education as the most pressing obstacle keeping the poor from financial inclusion.\textsuperscript{190} Financial inclusion necessitates direction and training by specialized agencies. Complimentary financial literacy would help Juntos beneficiaries to optimize the use, including savings, of their financial resources.

\textsuperscript{186} Reference Annex 4
\textsuperscript{187} IMF (2016).
\textsuperscript{188} Ibid.
\textsuperscript{189} Aste et al. (2014).
\textsuperscript{190} Ibid.
**Special Indigenous Population Needs**

Indigenous groups comprise a large portion of the impoverished population in Peru. Poverty rates declined with the commodity boom in the 2000s, but the proportion of indigenous populations living in poverty did not improve with the national rates; they stayed the same.\(^{191}\)

Figure 13 is a spider diagram comparing the proportion of the population that is poor and deprived according to the Multidimensional poverty index. It also compares the performance of rural areas and urban areas with that of the national aggregate, showing a large disparity in the different dimensions of poverty per region.\(^{192}\) Indigenous populations predominantly live in rural areas where public services are scarce or in poor condition.\(^{193}\)

Cultural beliefs and practices can influence the understanding of the rules and conditions of the program, to the extent that it hinders their ability to fulfill the requirements.\(^{194}\) The historical mistreatment of indigenous groups leads them to mistrust the government and their social policy interventions alike.

**Language Barriers**

Communication can be an issue when a program has a decentralized structure, and various levels of management are required as strong avenues for dissemination of important information. This is further exacerbated when there are language barriers.\(^{195}\) Approximately 46% of poor populations in Peru speak a native language (quechua, aymará, or amazónica).\(^ {196}\) The majority of Juntos representatives and administrators do not speak other languages, making it difficult to communicate eligibility and conditionality information to a large portion of the population that needs the social assistance.\(^ {197}\) An emphasis on translated materials and bilingual outreach can help reach this population. Additionally, schools in indigenous areas should provide bilingual education and the health center should provide bilingual services to their constituents.\(^ {198}\)

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\(^{191}\) IMF (2016); Aste et al (2014)

\(^{192}\) Oxford Poverty Human Development Index (2013).

\(^{193}\) Aste et al. p.5 (2014).

\(^{194}\) Ibid p. 1.

\(^{195}\) Ibid p.12.

\(^{196}\) Ibid.

\(^{197}\) Ibid.

\(^{198}\) Ibid p.9.
**Geographic Barriers**

Despite an increase in spending related to infrastructure, “…projects have often been derailed by bureaucratic and regulatory impediments, lingering weaknesses in the public investment management (PIM) system, and unfinished decentralization process, leaving a still-large infrastructure gap.”  

While infrastructure in some sectors is projected to improve in the foreseeable future, other sectors—especially some of those relevant to the Juntos program (e.g. transport)—are estimated to see the gap remain or widen, as noted in Figure 14. The location, distance, and patterns of many rural communities pose a challenge to the implementation of social programs such as Juntos. For example, households that are located in peri-rural areas, between rural and urban regions, make these communities hard to capture with current targeting mechanisms. Outreach is also a challenge in these areas because many beneficiaries (and potential beneficiaries) are dependent on seasonal farming or migratory employment, requiring them to travel for economic reasons. In these regions the municipal administration manage social programming and access is not always mediated effectively or efficiently. Juntos will need to consider these issues in its future continuation, taking into consideration the needs of the communities that most need the assistance of social programs and finding how to best mitigate the projected gaps in infrastructure that are sure to have an impact on their effectiveness.

**Challenges with Identification**

One of the eligibility requirements for Juntos is a valid DNI (national identification card). National legislation and international declarations recognize identity as a fundamental and universal right. When persons lack identity documents it significantly reduces their ability to participate in civil and political rights. According to the 2007 National Census, the most recent, 3.2% of the national population is not properly documented. Of this population of undocumented individuals, 3% are under the age of 18 and do not have a birth certificate. Rates are disproportionately higher in rural areas, 4.4% compared to 2.3%, and are most prominent in the Amazonian region. The process to obtain documentation can be tedious and costly which stands as a deterrent. In reference to this issue, it will be important for Juntos to consider especially vulnerable peoples such as children of parents that do not hold proper identification documents.

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199 IMF (2016).
200 Ibid.
202 Ibid.
203 Ibid p.55.
204 Santos-Granero, Barclay (2011).
205 UNDP (2016).
206 Aste et al. p.60 (2014).
207 Ibid.
208 Ibid p.70.
(often an intergenerational issue) and adult citizens who don’t have birth certificates because civil registries were attacked during the internal armed conflict.  

It is necessary for Juntos to request identification to enroll in the program, but some unusual circumstances must also be taken into account during registration.

**Increased Budgetary Allocation**

Peru’s social safety net is comprised of five programs (Quali Warma, Pension 65, Rural Assistance, and Cuna Mas) supported by 0.7% of the national GDP. Brazil allocates 0.5% of their GDP to Bolsa Familia, Mexico allocates 0.4% of their GDP to Prospera, and Peru allocates 0.18% of their GDP, significantly less even if the difference in total beneficiaries is accounted for. In order to implement an enhanced payment scheme properly, it may well be necessary to increase the current Juntos budget although some savings could also occur with a scaled approach or through reallocation from the other programs.

**Results-Based Monitoring and Evaluation**

One of the most commonly criticized components of the program has been the lack of an M&E scheme from the onset of its roll-out, something other CCT programs such as Bolsa Familia and Prospera have implemented rigorously. Building on the current process for information gathering, Juntos should focus on results by including a broader, multidimensional, definition of poverty for the family unit as a whole and a stronger link from conditionalities to the sought behavioral change.

A results-based framework would involve the systemic collection of performance information, not only on the policy intervention itself but also on the implementing agency managing the program. The information would be used to determine how much impact the program is having on the beneficiaries and to influence decision-making for policy makers. This framework would need to be instituted from the top-down, including MIDIS at the national level, Juntos administrators at the regional level, and the coordinators at the municipal level. As a part of this, developing complementary decentralized partnerships could reinforce the current structure of Juntos at the municipal level and create a unified system of information.

A results-based M&E system could also include internal capacity building, adjusting the current system to new technologies that will need to monitor and evaluate the implementation of the program as well as produce information about the activities, outputs, and the outcomes in the long-term. Not all of the information will be quantitative; in some cases qualitative survey information and feedback will provide greater insight on the quality of services received. In the case of indigenous populations, the qualitative information could be gathered orally to provide insight that otherwise would go unknown because of language barriers or illiteracy. This would further connect the program to the communities they intend to affect.

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209 Ibid.
210 IMF (2016).
212 Ibid.
214 Ibid.
216 Aste et al. (2014).
Key performance indicators could also be expanded to include the three main components of the Multidimensional Poverty Index (MPI) model used by the United Nations Development Program (UNDP). This includes monitoring and tracking education, health, and the household’s standard of living. It should be noted that education and health are already monitored to a degree with the current conditionalities; therefore, there is already a structure in place to include additional monitoring points. The additional monitoring focus will be put on standard of living.

VIII. Conclusion

CCT programs provide a necessary and reliable source of income to impoverished households in Latin America. An analysis of country context and design and implementation features of the Juntos CCT and a comparison with two other prominent programs, Bolsa Familia and Prospera, provided important insights. Despite Juntos having some positive gains in health and education, it was evident that the other programs had distinguishing features that made them more effective at targeting populations most in need, monitoring and evaluating their impact, and providing sufficient services for beneficiaries to improve their quality of life through human capital development. The other programs were more sophisticated, though similar in other aspects.

The research strongly recommends the adoption of an enhanced payment scheme to maximize the effectiveness of the monetary transfer to beneficiaries. This proposed intervention takes into consideration the incremental costs that are incurred in households composed of more than one child and increases the incentive for all children to receive medical care and attend school.

Though assessments of the new payment scheme would have to be performed, there is a current platform in place that makes the transition feasible on both institutional and organizational levels. However, the changes can only be implemented with the support and commitment of MIDIS and the Juntos program staff at all levels (local, regional, and national).

Finally, a necessary consideration is a broader definition of poverty. The Institute of National Statistics and Information (Instituto Nacional de Estadística E Informatica, INEI) defines different levels of poverty through monetary means in terms of per capita income and consumption. Therefore, the standard for which they define the success of Juntos is measured against one dimension of poverty—monetary income. The current Juntos strategy cannot comprehensively address the root causes of poverty because it defines poverty narrowly. The program is not working to remedy all the underlying issues that perpetuate the intergenerational cycle of poverty. In order for Juntos and other programs to develop human capital more effectively, social interventions will need to broaden their definition of what poverty is and what the needs of impoverished communities are.

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217 Oxford Poverty Human Development Index (2013).
218 “Total Poverty: Includes those whose households have incomes per capita consumption below the cost of a basket of essential minimum goods and services” or “Extreme Poverty: Includes people whose households have per capita incomes or consumption below the value of a minimum food basket”, Evolución de la Pobreza Monetaria, INEI (2015).
219 Ibid.
Works Cited


Annexes

Annex 1: Problem Tree Causes for the Necessity of Social Programs

Need for Social Programs

Continued Socio-Economic Disparities

Failed Social Reforms
Corruption
Mistrust in Gov.
Violence
Low Priority for Social Safety Nets
Gov. Complacency
Delayed Truth & Reconciliation
Weak Legal Framework

The Shining Path Insurgency

Lack of Vision for Future

Ethnic/Class Discrimination
Marginalized Population
Rural/Urban Divide
Weak Demand-Side Voice
Unequal Distribution Rec.

Limited Access to Basic Services

Child Labor
Skills & Training Gap
Poor Quality Edu.

Strong Informal Market
Limited Jobs
Low Education and Health Indicators
Inequality
Annex 2: Problem Tree for the Juntos Program
### Annex 3: Stakeholder Analysis Matrix

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Interest on Juntos</th>
<th>Power</th>
<th>Influence for Reform</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Stakeholders</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peruvian National Government (Kuczynski Administration, Peruvians for a Change)</td>
<td>Implement social programs and oversee Juntos</td>
<td>High power; hold executive power over social policies, influence government decisions, approve projects and concessions, and determine sustainability</td>
<td>(+)</td>
</tr>
<tr>
<td></td>
<td>Alleviating poverty results in a healthier/more educated society with competitive professionals in the global market</td>
<td></td>
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<tr>
<td></td>
<td>Political support from marginalized populations, especially during election cycles</td>
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<td></td>
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<tr>
<td></td>
<td>Sustained peace</td>
<td></td>
<td></td>
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<tr>
<td><strong>Primary Stakeholders</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Development &amp; Social Inclusion (MIDIS)</td>
<td>Overseeing agency for Juntos CCT program</td>
<td>Moderate Power; can provide feedback on achievements and program flaws but are required to implement whatever the national government agrees to.</td>
<td>(+)(-)</td>
</tr>
<tr>
<td></td>
<td>Work closely with supporting agencies (i.e. Education and health)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agree to design and implementation plans by multilateral lending agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Manage cross-sectoral coordination</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Juntos Beneficiaries (rural and urban; children laborers and their families)</td>
<td>Concerned about children’s health, cognitive development, and future opportunities for a better life</td>
<td>Very low power; impoverished with little to no access to resources, no direct influence over legislation and no implementation power</td>
<td>(-)(-)</td>
</tr>
<tr>
<td></td>
<td>Juntos provides access/resources for basic services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Want to exit the intergenerational cycle of poverty</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Secondary Stakeholders</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Governments (municipalities have jurisdiction over internal organization, administering assets &amp; income, taxes, transportation, local &amp; public services, urban development and education system)</td>
<td>They are the most aware of the current poverty level in their constituency</td>
<td>Moderate Power; provide mandates at the local level in order to coordinate regional and national goals on the eradication of poverty, form committees to oversee Juntos program at local schools, provide monitoring and evaluation on programs from a local level, report progress or stagnation to the national government but do not hold power to supersede decision-makers.</td>
<td>(+)(-)</td>
</tr>
<tr>
<td></td>
<td>More direct access to affected community</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Alleviating poverty contributes to the overall progress of their region and nation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provide sense of security for their citizens through access to health clinics and education</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Restore trust in the government, provide positive roles models, and ensure a positive vision of the future.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Viewed by their constituency as helping the poor and used a political tool during election cycles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The World Bank Group (Human Investment Sector)</td>
<td>Multilateral lending agency</td>
<td>High Power; provide a large amount of funding and require government to reach</td>
<td>(+)</td>
</tr>
<tr>
<td></td>
<td>Provides development funds for social protection and inclusion</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Stakeholder Analysis Matrix Continued

<table>
<thead>
<tr>
<th>Stakeholder Category</th>
<th>Positive Aspects</th>
<th>Influence</th>
</tr>
</thead>
</table>
| **Health Clinics/Hospitals** (Local & regional clinics and hospitals participating in Juntos) | • Contractual agreements made with the Republic of Peru  
• Extends reach of development agencies and promotes Sustainable Development Goals (SDGs) | Certain goals, institute evaluations to ensure funds are being used adequately  
Moderate power; receive national funding but can control the quality of service/data, are required to take the actions instituted by the local/regional/national government |
| **Academic Institutions/Districts** (Primary & secondary public schools participating in Juntos) | • Assist impoverished families through nationalized health system  
• May have higher patient rates in certain regions due to beneficiary access  
• Ability to track health trends for impoverished communities; provide more valuable/detailed data  
• The Juntos CCT program provides a rationale for increased funding | Moderate power; receive national funding but can control the quality of service/data, are required to take the actions instituted by the local/regional/national government |
| **Human Rights Activists and NGOs** (Solaris Peru, CARE Peru, Traperos de Emaus, Caritas de Peru, etc.) | • Aim to eradicate poverty  
• Seek to ensure health, safety, education and livelihood for a better future  
• Expose government failure to provide basic needs while sharing information to the public & foreign agencies | Low power; can draw national and international attention through international campaigns and raise funds but work within systems in place |
| **Media Outlets** (public and private sector)                                         | • Want to ensure peoples’ rights are not violated through lack of provisions  
• Provide the public with and showcase information about resources provided to them by the national government | Low Power; can draw national and international attention to violations and inform the public about the issues in their country |
### Annex 4: Criteria Alternatives Matrix

<table>
<thead>
<tr>
<th>Policy Alternatives</th>
<th>Equity</th>
<th>Effectiveness</th>
<th>Efficiency</th>
<th>Feasibility</th>
<th>Total Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria Weight</strong></td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Option 1: Status Quo – The Junto program makes no changes</strong></td>
<td>Low (4)</td>
<td>Medium (15)</td>
<td>Medium (9)</td>
<td>Medium (12)</td>
<td>40</td>
<td>4</td>
</tr>
<tr>
<td><strong>Option 2: Improve Design Features – Launch a payment scheme that considers the composition, age, and gender of beneficiaries/dependents</strong></td>
<td>High (20)</td>
<td>High (25)</td>
<td>Medium (12)</td>
<td>Medium (12)</td>
<td>69</td>
<td>1</td>
</tr>
<tr>
<td><strong>Option 3: Improve Implementation Features – Introduce a structured monitoring and evaluation system</strong></td>
<td>Low (4)</td>
<td>Medium (15)</td>
<td>High (15)</td>
<td>High (20)</td>
<td>54</td>
<td>3</td>
</tr>
<tr>
<td><strong>Option 4: Increase Supply-Side Measures – Provide more schools and medical facilities for beneficiaries</strong></td>
<td>Medium (12)</td>
<td>Medium (15)</td>
<td>Low (3)</td>
<td>Low (4)</td>
<td>34</td>
<td>5</td>
</tr>
<tr>
<td><strong>Option 5: Integrated Approach – Address selected issues at all levels</strong></td>
<td>High (20)</td>
<td>High (25)</td>
<td>Medium (12)</td>
<td>Low (4)</td>
<td>61</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Ranking</strong></th>
<th><strong>Low</strong></th>
<th><strong>Medium</strong></th>
<th><strong>High</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Points Allotted</strong></td>
<td>1</td>
<td>3</td>
<td>5</td>
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