



Analysing Success in the Fight against Malnutrition in Peru¹
Case study prepared for CARE

Executive Summary

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Executive Summary

In a global context where the battle to reduce chronic child malnutrition has produced slow and uneven results, the sudden case of success in Peru is a worthy exception that breaks the rule. According to UNICEF, the prevalence of underweight children worldwide fell from 31% in 1990 to 26% in 2008 (UNICEF 2010). In Peru however, stunting rates dropped from 22.9% in 2005 to 17.9% in 2010, with most of the reductions occurring in poor rural areas (from 40.1% in 2005 to 31.3% in 2010) according to the National Center Health Statistics (NCHS). The observed progress is more remarkable considering that there was virtually no change in malnutrition in the previous decade, between 1996 and 2005.

This paper documents and systematises Peru's success in tackling chronic malnutrition. It argues that success is not explained by the presence of favourable socioeconomic changes occurring in Peru but partly due to adequate government interventions. For the past five years, Peru has been one of South America's fastest-growing economies, with average growth rates nearing 7% GDP, despite the global economic slowdown. This growth was partly fuelled by dramatic increases in the price of minerals, Peru's main export, since 2004 (The Economist 2008). Yet, the paper shows that reductions in malnutrition rates are only associated with poverty, but are not significantly associated with improved economic growth rates, greater fiscal transfers, mineral rents, urbanisation, or increased access to basic services. In the absence of "income" based explanations, the paper develops a political economy explanation of success that focuses on Government efforts to create national coordination structures across government ministries, target public spending to promote improved nutrition and align poverty reduction initiatives with the National Strategy CRECER.

The Child Malnutrition Initiative

A fundamental part of the success story is the role played by the international aid system and civil society organisations in the formation of the Child Malnutrition Initiative (CMI hereafter) in 2006. The CMI, an advocacy coalition integrated by several agencies, recognised the multi-causal nature of malnutrition in Peru.² The CMI: a) sought to influence government policies to make nutrition the central component in the government's fight against poverty, b) established an informal coordination mechanism to channel technical and financial contributions from different cooperation agencies, and c) served as a platform to disseminate and review government efforts in the fight against

² The founding agencies included Action Against Hunger (ACH), ADRA Perú, CARE Perú, CARITAS Perú, UNICEF, UN Population Fund, Future Generations, Institute of Nutritional Research (IIN), Mesa de Concertación para la Lucha contra la Pobreza (MCLCP), FAO, Panamerican Health Organization (PAHO), Plan International, PRISMA, World Food Program (WFP) and USAID.

malnutrition and secure future political commitment from elected politicians. In 2006, the CMI generated the necessary political momentum to get 10 Presidential candidates to sign a public commitment to reducing chronic malnutrition in children under five by 5 percent in five years, a goal that was effectively accomplished.

The paper explores the political determinants of success along three dimensions: the formation of horizontal policy coalitions across representatives of different government and non government agencies; the integration of agencies and programs between national, regional and municipal governments; and the allocation of government resources used to fund the government's nutrition effort.

Horizontal integration

One of the critical factors for the success was the decisive government leadership to coordinate different government sectors and non government agencies in the delivery of a coherent effort to fight malnutrition in Peru. The Executive created in 2006, the National Strategy for Poverty Reduction and Economic Opportunities (CRECER), and put the strategy under the direct control of the Prime Minister's Office (*Presidencia del Consejo de Ministros- PCM*) through the Technical Secretariat of the Inter-Ministerial Commission for Social Affairs (CT-CIAS). This act of political ownership gave the National Strategy CRECER sufficient political leverage to convene other government ministries and entities. The adoption of CRECER represented a radical break with past government interventions to alleviate malnutrition in that: a) it promoted a wider set of policy interventions that went beyond food distribution, b) it promoted complementarity of interventions and facilitated policy coordination within government agencies and between government and non governmental agencies, c) it decentralised the scope of interventions, devolving administrative, financial and political responsibilities to regional and municipal governments, and d) it sought to adequately fund policy interventions through Results Based Budgeting, a budgeting tool which allowed for focused and transparent government spending.

Vertical Coordination

The challenge of effective vertical articulation refers to the government's ability to coordinate, implement and monitor its poverty reduction strategy across different government tiers at the national, regional and municipal level. Paradoxically, the paper finds that strong executive authority, a critical factor for effective *horizontal coordination*, can sometimes undermine effective vertical coordination. The National Strategy promoted an effective coordination between the central and regional governments, but there were significant gaps remaining to link poverty reduction policies between the regional and municipal levels. Despite adopted legislation to decentralise the implementation of CRECER, regional and municipal governments needed to have clearer

incentives and improved training to implement the national strategy. Only in very few cases, such as the Ayacucho's CRECER -Wari program, regional presidents took over the CRECER agenda, put their own regional stamp on it, and gradually developed into other key programs to improve human capital, to promote economic growth and improve provision of social services.

The region of Ayacucho is often cited as a successful case of policy coordination across sectors and political cooperation across elected officials at the sub national level. The region achieved a remarkable reduction in chronic malnutrition and poverty rates of 6% and 15.6% during the 2005-2009 period respectively. CRECER -Wari reproduced at the regional level, the same degree of inter sectoral coordination between national authorities (including the Technical Secretariat of CT-CIAS, the National Coordination of CRECER and representatives from the ministries of Health, Education, Housing and Labor), regional government entities (including the Presidency of the Regional Council for the Fight against Poverty and Child Malnutrition, and Regional Managers of JUNTOS, PRONAA and FONCODES), elected authorities including the Regional President of Ayacucho, and mayors from 12 municipal districts. Representatives of the *National Agreement for Poverty Alleviation*, and the *Poverty Alleviation Roundtable* also contributed to policy coordination and implementation through their Ayacucho offices.

Effective vertical and horizontal coordination between government and cooperation agencies was cemented around professional and personal affinities of stakeholders; many interviewees argued that such coordination was also possible thanks to the *absence of political parties*. Paradoxically in Peru, political parties have lost the ability to provide reliable career paths to young ambitious politicians, offer them clear electoral incentives, and organise cooperation across government tiers to ensure a long term commitment to reforms. There are other technical and organisational challenges that undermine vertical cooperation and will be addressed in the latter part of the summary.

Box 1. Effective Horizontal and Vertical Cooperation: the case of JUNTOS.

The adoption of a cash transfer program JUNTOS in 2005 illustrates the key role that effective centralised authority can play to ensure successful inter-sectoral and territorial articulation. In the case of Peru, the executive branch had a leading role in the design, implementation and monitoring of the JUNTOS program. Working from Lima, the PCM-CIAS was able to design, identify and target cash allocations to poor households in districts in most need. The calculation and transfer of the funds was coordinated from the Central government through the Ministry of Finance (MEF). The allocation of conditional cash transfers required parents to show that children attend school, fulfil complete vaccination charts, take children for health and pre and post-natal care checks, and make use of National Nutritional Assistance Program. In order to deliver the

services and enforce the conditionalities of the Program, different government branches had to coordinate efforts at the local level. Ministries such as Health, Education, Housing, and Social Development had to coordinate actions, share information, monitor compliance and report expenditures back to MEF. To facilitate these coordination challenges, a directory of JUNTOS was established at the district level and it was composed of a president, four civil society representatives from the National Accord, as well as representatives from the Ministries of Education, Health, MIMDES and MEF. In a way, the coordination structure established at the national level was replicated in proportional scale at the district level. Thus, the inter-sectoral coordination is managed by Multi-sectoral Technical Committees (MTCs).

Financing the model

One of the key factors helping explain policy success was the decision to design and fund the national strategy to fight malnutrition through Results Based Budgeting (Presupuesto por Resultados) or RBB. This World Bank initiative sought to ensure greater government accountability and operational efficiency in the use of public and donor monies. The fight against malnutrition became a natural testing ground since it required the coordination of several government ministries and social programs (Health, Education, Housing, Labor, JUNTOS, PRONAA). The RBB strategy: a) helped calculate and secure the necessary funds for accomplishing nutrition targets –and thus protect social spending-, and b) created direct incentives for government bureaucrats and elected authorities to make government spending more transparent and visible to the public and to one another. The adoption of RBB represented a fundamental shift of budgeting from an input oriented approach to a product oriented approach that focused on delivery of services. RBB also allowed for project coordination between the administrative and logistical persons in charge of providing the service, with the technocrat in charge of executing the budget, with the government planner in charge of signing the checks. Politically, it is argued that the move towards RBB is likely to reduce rent seeking motivations as it is difficult to overestimate spending.

Looking ahead, RBB needs to focus more attention to monitor the disbursement and effective spending according to results. Also, RBB needs to address the conflict over budget allocations between regions and municipalities. On the one hand, regional governments have greater capacity to absorb and use fiscal transfers in a more accountable manner than municipal governments. In the long term however, municipal governments are the ones making the most use of fiscal transfers, thus they need to improve their budget planning and technical capabilities.

Sustainability challenges and policy recommendations

If the observable reduction in chronic child malnutrition is not directly linked to increased fiscal resources or socioeconomic factors but rather to effective government

interventions – good policies- then how can such government interventions be maintained in the long run? And how can the CMI effectively contribute to sustainability? The question of policy and political continuity is of utmost importance in Peru when most of the political elite directly involved in the design and implementation of the national strategy will end their political tenure when new general elections are held in April of 2011 and a runoff presidential election in May 2011. Paradoxically, the Peruvian political elite will not be able to capitalise on the economic growth or successful social policies because it lacks the organised political parties that can ensure policy continuity. The following policy recommendations seek to strengthen CMI's effort in promoting long term sustainability along three dimensions: political continuity, the technical expertise and organisational strengthening, and sustainable financing.

Political challenges

1. To secure the **political commitment** of incoming elites (**presidential candidates**, as well as **regional and municipal authorities**), to endorse a national strategy for reducing malnutrition and a concrete plan of action for the first 100 days of government. One step in this direction has been the promotion of the *Vota por la Niñez* coalition during the 2010-2011 campaign. The coalition, led by CARE and the MCLCP, has advocated for specific targets for reducing chronic child malnutrition and anemia, as well as other critical areas of child rights (health, education, identity, working children, participation, violence).
2. To engage the **National Congress as a key arena for policymaking in Peru**. The effort should combine work with individual legislators to champion specific causes and pieces of legislation, to train incoming legislators on the goals and importance of fighting malnutrition, and to promote active debates between legislative committees, academics, nutrition experts and civil society around innovative nutrition initiatives.
3. To promote greater **vertical integration** of policy interventions across sub national governments. This effort involves a) encouraging regions to adopt nutrition goals according to their own capacities and challenges, b) replicating CMI's own technical, advocacy and financial coordination efforts at the sub national level, and c) reaching out and supporting a greater number of municipalities with technical assistance, financial resources, and capacity building efforts.
4. To continue to play an oversight role to **demand, monitor, and influence the work of elected politicians and government officials**. To this extent, the CMI could help develop focalisation schemes such as SISFOH, strengthen the monitoring role of the MCLCP, and work with civil society organisations to

promote the creation of social accountability mechanisms like citizens' watchdogs to analyse nutrition data and monitor government commitments.

Legal and Organisational Challenges

1. To institutionalise efforts in the fight against malnutrition, the CMI could ***actively engage Members of Congress with cooperation agencies, organised citizens and relevant interest groups*** in the formulation and discussion of key pieces of legislation such as "Lactation's special Law". The CMI should also continue its effort to identify, commission and incorporate into legislative discussions relevant academic research on the factors contributing to reducing children's malnutrition and poverty reduction.
2. To ***retain and promote civil servants and technical staff*** in government and nongovernment agencies. The CMI could promote a clear separation of roles and coordination to facilitate the work of specialised agencies (MCLCP, MIMDES, Health and CT-CIAS). CMI could also help design specific training programs to expand the accumulated expertise of government officials in key areas such as Results Based Budgeting. The CMI could also help to identify and maintain a roster of the necessary policy expertise around nutrition initiatives, and support existing government initiatives to improve its technical expertise through professional exchange programs (SERVIR).

Economic challenges

1. To contribute to the discussion of mechanisms that allow a more ***flexible allocation of MEF funding*** that seeks to redress economic inequalities and gaps in technical expertise. To do so, the CMI could advocate for greater technical support from the MEF to help regions prepare their budget estimates and make effective use of their share of allocated funds. The CMI could also continue to provide complementary funding to support additional or new initiatives not originally considered in the RBB plan, thus giving local governments the possibility to try pilot projects.
2. To consider a ***matching funds scheme*** that provides local governments with financial incentives to improve their performance. The CMI could pool program funds and establish common conditionality criteria that the government has to meet in order to receive the disbursements. The matching fund would give regional and local governments some additional flexibility to implement initiatives according to context specific policy priorities, while remaining accountable for the responsible use of funds.