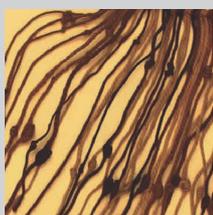


Working group

Report



COMISIÓN
QUIPU

PUBLIC POLICIES BASED ON SCIENTIFIC EVIDENCE

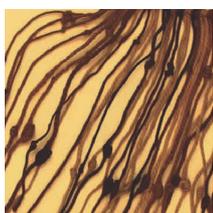
Lima - Perú

June 2012



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Prologue

The Quipu Commission represents a new way of crafting public policies in Peru: innovating based on scientific evidence. In this report, the Ministry of Development and Social Inclusion (MIDIS, in Spanish) and the Ministry of Economics and Finance (MEF) present the products of the Quipu Commission. This joint initiative is of particular significance for the government because it brought together renowned academics as well as national and international public policy experts.

With the technical support of the Abdul Latif Jameel Poverty Action Lab (J-PAL) and Innovations for Poverty Action (IPA), the Quipu Commission has developed, in a short period of time, seven policy proposals that aim at improving the quality of social programs so that the country's social development goes hand in hand with economic growth. The pioneering work of the Commission was done with the participation and interaction of the government, private sector, and civil society, which has positioned the Commission as a good example to follow in Peru and abroad. These proposals have benefited from a rigorous analysis of the scientific evidence produced by program evaluations.

MIDIS and MEF welcome these proposals and commit themselves to seeing that these proposals are implemented as part of the social policy strategy of the country. We are profoundly grateful to the members of the Commission and the international advisors for their contributions. We trust that their work will help in shaping a joint vision of development for the families in the process of social inclusion and economic development. Similarly, we are grateful for the support provided by Soluciones Empresariales contra la Pobreza (SEP), without which the Commission would not have been possible.

Carolina Trivelli Ávila

Minister of Development and Social Inclusion

About the Quipu Commission

The Quipu Commission¹ brought together academics and national and international policy experts who, along with the Ministry of Development and Social Inclusion (MIDIS) and the Ministry of Economics and Finance (MEF) of Peru, developed innovative public policy proposals to improve the efficiency of social programs. The multidisciplinary nature of the Commission enabled the proposals to incorporate technical expertise as well as political and logistical knowledge that make these proposals more viable.

The Quipu Commission was convened by the abovementioned Ministries with the technical support of the regional office for Latin America of the Abdul Latif Jameel Poverty Action Lab (J-PAL LAC), Innovations for Poverty Action (IPA), and Soluciones Empresariales contra la Pobreza (SEP).

Initially, the Commission identified key policy challenges that Peru faces in the area of social development and inclusion, and reviewed existing and related evidence to identify

areas with a dearth of knowledge that need to be addressed. Based on this analysis, the Commission developed seven innovative social policy proposals related to financial inclusion, youth employment in rural areas, use of information and communication technology, land management and community involvement geared towards nutritional programs, food programs in school, and chronic child malnourishment.

These proposals have been shared with the relevant government sectors and implementing organizations, such as the Ministry of Development and Social Inclusion, Ministry of Education, Ministry of Labor, the Bank of the Nation, and the Ministry of Economics and Finance. These institutions have shown interest in the proposals. Work is being done to incorporate one of them, concerned with the promotion of healthy practices among families to fight chronic child malnourishment, to an existing social program, Cuna Más.

The ultimate goal of the Commission is to promote a novel way of crafting public policies in Peru, based on a rigorous process of design and evaluation and on the involvement of academics and the public and private sectors.

¹ The Quipu Commission takes its name from the quipu, a measuring device used by the Incas to keep count of their finances, economics, and population, among other things.

Objectives of the Commission

- Identify challenges and priorities related to the issues of development and social inclusion in Peru
- Identify existing social programs, both within Peru and in other countries, so as to understand the many challenges associated with program implementation.
- Perform a diagnosis of the strengths and weaknesses of existing social programs within Peru, particularly with regard to the coherent articulation of social policy within government agencies and across societal sectors. Additionally, identify interventions that are effective; the impact of existing interventions; opportunities for scaling up effective interventions so that they reach the most vulnerable populations; the efficiency with which public policy is managed; and the quality of services rendered.
- Propose innovative programs and policies or modifications to existing programs.
- Design and implement appropriate impact evaluations for some of the programs proposed by the Commission.
- Inform society about the social impact and the cost-effectiveness of the programs proposed by the Commission.
- Promote the establishment of a rigorous process of design and evaluation of public policy in Peru

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Quipu Commission Proposals

PUBLIC POLICY MANAGEMENT: MONITORING, SUPERVISION, AND CONTINUOUS IMPROVEMENT OF SELECTED PRIORITY ACTIONS

Academic: Javier Abugattas

PUBLIC POLICY CONTEXT AND PROBLEM TO ADDRESS

To achieve improvements in the social inclusion process, certain simultaneous actions are needed on different levels in order to eliminate inertia. Therefore, it is proposed that parallel actions are pursued on two levels: public policy actions and improvement of local management actions.

At the public policy level, social programs should be monitored and continuously improved. This monitoring and follow up of programs will focus on ten of the programs that seek to achieve results in terms of fighting chronic child malnutrition. A monthly review of programs at the interministerial and intergovernment levels (through the Interministerial Social Affairs Commission [CIAS], the Economic and Financial Interministerial Affairs Commission [CIAEF], and the Intergovernmental Coordination Commission [CCI]) along with a continuous improvement of each program should ensure adequate synergies to reach concrete results in the implementation of the programs all along the national territory.

At the local management level, two prioritized activities are proposed: newborn registration and maintenance of national roads. These two activities are fundamental: approximately 40,000 children are born each month in Peru, and the road extension in Peru comes out to about 127,000 kilometers.

These three multilevel interventions will allow the government to simultaneously advance public policy issues, human rights issues, and economic opportunities.

INTERVENTION AND EVALUATION

The following interventions are proposed:

1. Interministerial and intersector coordination
 - Monthly meetings (at least) of interministerial committees (CIAEF, CIAS) and the CCI.
 - Monthly report to CIAS with specific recommendations on how to deal with the gap between the expected implementation versus real implementation of prioritized programs.
 - Provision of data of prioritized programs.
2. Building a database of newborns (i.e. less than 30 days old), updated monthly.
 - Provision of birth certificate for each of the 40,000 newborn babies born every week, especially in rural areas, registering the child in the RENIEC system, using the mother's DNI. There will be alternatives for mothers without a DNI, and for areas with no access to information or telecommunication technologies.
3. Timely and adequate programming of road maintenance.



- All transportation infrastructures must be maintained according to technical standards and best practices, in order to preserve the level of service and avoid losing assets that are a product of past investments.

The aforementioned interventions will be discussed with MIDIS and the corresponding entities in order to define responsibilities and establish goals, metrics, and indicators that will enable an assessment of whether improvements are being made.

INSTITUTIONAL FRAMEWORK

For the public policy intervention, the main agent responsible for coordinating with other institutions is the Presidencia de Consejo de

Ministro (PCM) with the help of MIDIS. An ex ante agreement between MIDIS, PCM, and MEF is fundamental, even though dozens of public and private organizations will also participate during the implementation phase.

For the data and registration of newborn babies, the Ministry of Health (MINSA) should be the main agent; its recent legislation will allow for a quicker implementation at the national level.

For the constant maintenance of roads, the responsible parties are found in all three levels of government (national, regional, and local), but the Ministry of Transportation and Communication (MTC) is the leading institution. Road and transportation institutes of municipalities, provinces, and regional governments should be involved.

Quipu Commission Proposals

JUNTOS: FINANCIAL INCLUSION IN RURAL AREAS USING POINT OF SALES TECHNOLOGY

Academic: Alberto Chong

PUBLIC POLICY CONTEXT AND PROBLEM TO ADDRESS

The Nacional Program of Direct Support to the Poorest (JUNTOS, in Spanish) is a conditional cash transfer program that forms part of the Peruvian government's strategy to combat poverty. In the context of JUNTOS, it is necessary to develop a "graduation" strategy that permits participants to exit the program effectively and in a sustainable manner. This strategy should incorporate a component that promotes access to formal financial services, such as savings and credit, given that the level of financial inclusion in Peru (particularly in rural areas) is low, even by Latin American standards. This problem is particularly acute in the case of women. Poor households require a relatively wide range of financial services, including different ways to save and mechanisms to receive remittances. Savings, in particular, facilitate investment in productive activities and help to smooth consumption. International evidence, together with prior experiences in Peru led by Banco de la Nación, Proyecto Capital, and the Instituto de Estudios Peruanos have shown that JUNTOS is a promising vehicle through which to promote financial inclusion and reach hundreds of thousands of beneficiaries.

In parallel, JUNTOS is seeking to reduce operational costs, and especially transaction costs. Currently each transfer to individual savings account costs approximately 2 soles. However, a high proportion of beneficiaries in rural areas receive their transfer in cash

delivered in armored vans; in these cases the transaction cost is 7 soles per beneficiary, substantially higher than international standards. In the jungle region the transaction cost rises to 13 soles per beneficiary.

An additional element in the case of JUNTOS is "operational fatigue" as a result of the high ratio of field workers to beneficiaries and the high number of interventions that have been tested in a relatively short period of time. It is important that the graduation programs do not further stretch the limited resources of the program.

INTERVENTION AND EVALUATION

The objective of this proposal is to establish whether it is possible to promote formal financial inclusion in rural areas using technologies adapted to these rural areas that improve access to and quality of services. The proposal is to test this question using a cluster randomized controlled trial, in which half the villages in a sample of rural areas would be randomly assigned to a treatment group, which would receive point-of-sale (POS) terminals that would be installed in village stores or in municipal offices, replacing the physical shipment of money and thus reducing costs. The other half of the villages would be assigned to a comparison group. The study would focus on those areas that do not have access to a branch of Banco de la Nación and in which beneficiaries receive their JUNTOS transfer in cash.



The range of possible additional treatments that would accompany the introduction of POS technology in rural villages will be determined by the technological, logistical, and operational restrictions of Banco de la Nación and JUNTOS. The study would measure the impact of: (i) the introduction of POS technology in villages in which Banco de la Nación does not have a branch and in which transfers are delivered in cash by armored vans; (ii) POS technology similar to (i) with a semi-obligatory savings component; (iii) POS technology similar to (i) with a passive or semipassive financial literacy component; (iv) POS technology similar to (i) with both semi-obligatory savings and financial literacy components.

The savings and financial literacy components will depend on the level of administrative responsibility that JUNTOS would assume. In the case of low administrative responsibility, pamphlets and/or cell phone text message reminders could be used to communicate basic financial literacy messages. In the case of greater administrative responsibility, financial literacy training sessions would be run during village meetings, combined with savings incentives, reminders and commitment devices.

A central advantage of the proposal is the near-zero additional administrative burden for

JUNTOS: the proposal would not involve the field workers or the administration of JUNTOS and would largely be executed by Banco de la Nación. Moreover, it has the potential to substantially reduce the operating costs of JUNTOS by replacing the physical shipment of money with the POS technology. The design would provide the flexibility to ensure that the original pilot can be replicated at scale, and permits the introduction of additional elements at a low marginal cost.

INSTITUTIONAL FRAMEWORK

The program would be implemented by Banco de la Nación in collaboration with Hyper, a Peruvian private technology company. In the short term the focus would be on JUNTOS beneficiaries.

If the initial intervention is successful, the marginal cost of expanding the scheme to other programs, such as Pensión 65, and to other sectors (such as education and health), would be low and the probability of success high, given the correct alignment of incentives. In this context the Ministry of Development and Social Inclusion (MIDIS) could develop a system of “account reconciliation” that would minimize the need to deliver cash in rural villages that do not have access to a Banco de la Nación branch.

Quipu Commission Proposals

PROMOTING HEALTH PRACTICES IN FAMILIES FOR THE PREVENTION OF CHILDREN'S CHRONIC MALNUTRITION

Academic: Midori de Habich

PUBLIC POLICY CONTEXT AND PROBLEM TO ADDRESS

Reducing malnutrition requires families to acquire knowledge (C, for its corresponding term in Spanish), display attitudes (A) and adopt adequate practices (P) regarding the nourishment, hygiene and healthcare of pregnant women and children under 36 months. The explanatory power of the mother's educational attainment (or of the child's tutor) in cases of chronic child malnutrition has been widely documented in the literature. This may be because an uneducated mother (or caretaker) doesn't manage CAP when making decisions on food, hygiene and healthcare of pregnant women and children, impacting directly their ability to protect children from malnutrition. Therefore, CAP allows families to transform access to goods and services into the ability of children to overcome malnutrition.

Contact with health facilities is necessary but insufficient to develop CAP in rural families. In addition, we lack community support for rural families to promote and reinforce CAP, favorable to the protection against the risk of malnutrition.

INTERVENTION AND EVALUATION

The "Healthy Municipalities and Communities Strategy" is an approach promoted by the Pan American Health Organization (PAHO/WHO). In cooperation with USAID, it was implemented

in Peru between 2006 and 2010 in 550 rural communities in the regions of Ayacucho, Cusco, Huanuco, Junin, San Martin, and Ucayali. The implementation of the strategy began with the commitment of local government to incorporate the Healthy Municipalities and Communities principles in local development policy and assigning responsibility to the Social Development Management of the municipality.

Community support for rural families is provided through the Juntas Vecinales Comunales (JVC), or Neighborhood Communal Councils, described in the Organic Law of Municipalities (Law N° 27972), as follows:

- Direct support to families to develop their diagnostic and auto evaluation, and establishing commitments to be a healthy family (Guide for Healthy Families).
- Regular visits to families by community health surveillants to monitor progress and identify needs (Guide and Form for Community Health Surveillance).
- Regular canalization of family needs to the Micro Health Network and local government, specifically Social Development Management.
- Collaboration with local information, education, and communication campaigns

(IEC) of the Micro Networks and the local government.

Given this framework, the proposed intervention includes the following items:

- Strengthening the Social Development Management of Local Government to promote community organization, namely the formation of JVCs.
- Training of health sector staff in the promotion of appropriate feeding practices, hygiene, and child care.
- Training of JVCs in promoting healthy families and communities, monitoring of healthy practices for proper food hygiene, health, and child care at home.

We propose to accompany the intervention with an impact evaluation to determine the effects of promoting healthy habits from community action, complemented by health care providers with enhanced capacities for the promotion and acquisition of collective health knowledge (C), development of attitudes (A), and adoption of practices (P) regarding the care of pregnant women, mothers and families, and on the prevention of child malnutrition. This

evaluation could be linked to the Cuna Más program assessing the marginal impact (and cost) of the regular Cuna Más intervention, plus community action on the methodology of the Healthy Municipalities and Communities (HMC).

In this sense, the evaluation is suggested to use an experimental design randomly allocating the population into three groups: i) Rural communities more exposed to the program Cuna Más; ii) Rural communities exposed to the program Cuna Más + HMC strategy; and iii) a comparison group that consists of rural communities without intervention.

The region(s) and the districts where this evaluation can be implemented have to be decided in coordination with the Cuna Más program.

INSTITUTIONAL FRAMEWORK

The implementation of this intervention requires intergovernmental and multisectoral coordination and agreements. In the table below, we present examples of the possible roles to be played at various levels of government.

Level	Structure	Nature
National Level	National Development and Social Inclusion System Interministerial Commission for Social Affairs	Cross sector and government alliance
	MIDIS's Cuna Más Program	Implementation of the HMC initiative as a component of the Cuna Más program
	Intergovernmental Committee on Development and Social Inclusion	Cross sector and government alliance
Regional Level	Social Development Management at the local governments	Alliance between the regional government and the local government
Local Level	Social Development Management at the local governments Neighborhood Associations Cuna Más facilitators and associates	Alliance between the local government and neighborhood associations Community action developers

Quipu Commission Proposals

STRENGTHENING THE MANAGEMENT OF COMPREHENSIVE CARE TO COMBAT CHRONIC CHILD MALNUTRITION

Academic: Midori de Habich

PUBLIC POLICY CONTEXT AND PROBLEM TO ADDRESS

The Peruvian government is committed to the good use of public funds. This requires the government to predetermine its goals and priorities. To do so, it must: 1) incentivize government agencies to address critical themes, and 2) maintain reliable information relating to performance that is easily accessible and of use. Additionally, it must associate performance with the effectiveness, efficiency, and quality of the management of products that have a causal relationship with a given desired output.

Currently, the Asamblea Nacional de Gobiernos Regionales (ANGR), or National Assembly of Local Governments, is conducting an analysis of the impediments to the good management of comprehensive child care. Some of these impediments identified are:

- Absence of a tracking system to monitor the level of effective protection.
- Weak organization and implementation of standardized processes of comprehensive care, particularly as it is the first line of defense.
- Absence of the basic equipment at the first line of defense.
- Lack of programs relating to the strengthening of management practices.

INTERVENTION AND EVALUATION

In this context, we propose an evaluation to test the models used to improve the performance of health interventions (products) in order to reduce child malnutrition (output/result). Two elements are critical, and have been discussed previously: incentives and information. But one cannot ignore the importance of good managerial skills by the agency serving vulnerable populations. This relates to managing resources in an effective, efficient, and quality-intensive manner.

The conditions and incentives to be tested include:

1. Training managerial staff with relation to service provision.
2. A monetary incentive linked to the coverage, continuance, and quality of interventions on the target population.
3. The implementation of a long-term tracking system for up to 36 months.

We propose that each intervention be accompanied by an impact evaluation so that one can determine the effects of each of them. The main question is: does managerial training have an effect on the impact of the products and outputs of interest, and how (if it all) it is complemented by performance-based incentives and tracking. Given these criteria, we would be able to construct four comparison



groups:

1. Districts that receive only training in management skills.
2. Districts that receive only performance-based cash incentives.
3. Districts that receive the previous two interventions together.
4. Districts that receive neither.

INSTITUTIONAL FRAMEWORK

We recommend the creation of a working group charged with strengthening the management of the most important social programs as identified by the Inter-ministerial Commission for Social Affairs. It will coordinate, approve, and manage this evaluation in order to use the know-how from this first experience to

continue to evaluate critical social programs. Some government agencies that could be involved with the intervention are described here (with regards to design, execution, supervision, and financing):

- At the national level: the Interministerial Commission for Social Affairs, including its subcommission on the strengthening of public management for critical social services (including the Ministry of Economy and Finance), the Presidency of the Council of Ministers, the Technical Secretariat for Public Management, the Ministry of Economy and Finances, and the Ministry of Health. At the provincial level: the agencies involved with the provision of health-related services.

Quipu Commission Proposals

ATTACKING SOCIAL DETERMINANTS OF CHRONIC CHILD MALNUTRITION IN PERU THROUGH “CUNA MAS”

Academic: Martín Valdivia

PUBLIC POLICY MOTIVATION AND PROBLEM

Peru still experiences high rates of chronic child malnutrition despite the rapid growth that its economy has experienced in the last decade. The reduction in these rates in recent years has been important, but strongly concentrated in the urban coast of the country, with high rates remaining in the rural highlands and jungle. Local and international evidence shows that chronic malnutrition should not be expected to drop substantially as a direct result of economic growth, at least not sufficiently or quickly enough.

Current literature is clear in establishing the importance of the mother’s role, her education level, and nutritional knowledge in general in determining the nutritional outcomes of a child. On the other hand, practice had established that community participation, as well as environmental factors beyond the mother’s or a household’s control, are key in the mother’s involvement in the process. In this sense, the new program developed by MIDIS, called “Cuna Más,” aims to strengthen the process of children’s early development. “Cuna Más” has been working on an intervention scheme based on family visits and daycare (Wawa Wasi). Given the relevance of nutritional counseling within the “Cuna Más” intervention, this unit is considered an ideal platform to push innovations that, based on

positive scientific evidence, will reinforce the interventions already designed.

INTERVENTION AND EVALUATION

Through Cuna Más, this proposal seeks to strengthen two aspects of the intervention. The first proposal is to develop tools to empower community participation in which Cuna Más operates. A mechanism of scorecards would be implemented to provide relevant and timely information which would allow both the management committee and the nutritional watch counsel to better perform their functions. For this mechanism to work adequately, a component related to the use of the information provided by the scorecard would be inserted under the capacity building scheme for the committees and counsels (mentioned above) within Cuna Más, allowing the community to monitor the program. The idea is to make this information public in local, special sessions of the surveillance counsel, along with the management committees and other program officials, in order to generate a dynamic that leads to the improvement of the quality of the services provided by the program.

The second proposal is to develop cell phone games to strengthen the adoption of healthy practices. The counseling scheme of Cuna Más seeks to convey a series of nutritional recommendations regarding hygiene and child stimulation to mothers and caretakers.



In order to do so, a series of strategies are considered that reinforce the caretaker's job. Under this scheme, this proposal introduces innovations based on the use of fun cell phone games, which also carry key messages that the program seeks to transmit to the mother so that they adopt certain recommended practices. Recent evidence suggests that by making a desired practice funnier, it is possible to increase its take-up. Additionally, the game could also include a system of accumulating points while playing. This will allow organizing local competitions that grant prizes to those who accumulate the most points in the game. Through this mechanism, the issues presented in the games can go beyond the mother and caretaker and become household and

community issues, which would also reinforce the key messages through social pressure for the recommended practice adoption.

An impact evaluation with an experimental design is proposed. To do so, eligible communities will be divided randomly according to their base treatment, assigned by Cuna Más. To better understand differentiated and marginal effects within communities that were assigned base treatment, community monitoring and cell phone games will be randomly assigned and offered together.

INSTITUTIONAL FRAME

The proposal will be developed under Cuna Más and with MIDIS' support

Quipu Commission Proposals

IMPACT EVALUATION OF A REINFORCED SCHOOL LUNCH PROGRAM

Academic: Gustavo Yamada

PUBLIC POLICY MOTIVATION AND CONTEXT

The National School Meal Program (PRONAA, in Spanish) is a part of the social programs under MIDIS. Its main goal is to fight hunger among students from the poorest areas of the country, as well as to contribute to food security. To date, school breakfasts have been provided to students in public schools, primarily in areas with high poverty rates. Soon, this program will extend to school lunch delivery. The most rigorous evaluations of the school breakfast program in the past have not shown significant results when it comes to either the reduction of malnutrition or improving school achievement. The policy challenge lies in not doing more of the same. It is about designing an intervention that not only delivers food supplements to children, but also reinforces additional interventions in education that increase the joint impact on school learning deficits.

One of the main problems hindering the current government's social inclusion agenda is the deficit in quality human capital formation, particularly in the most excluded social populations in the country.

According to the last Student Census Evaluation (ECE, in Spanish), by the end of second grade, an average of only 30 percent of Peruvian boys and girls manage to understand a text of one hundred words with basic vocabulary. In

addition, only 13 percent can solve elementary two-digit addition and subtraction operations. In rural regions with high poverty rates, the situation is grimmer: only 6 percent of children from public rural schools understand readings and only 4 percent can solve basic mathematical operation; a problem exacerbated by a shorter school day in those areas.

INTERVENTION AND EVALUATION

The proposal consists of reinforcing the school lunch program with special pedagogic interventions to strengthen their impact on school achievement in extreme poverty conditions.

The groups which the program will initially benefit consist of 72 networks of primary rural schools selected within the "Marca Perú" program. Given the progressive policy adoption in these schools, subgroups will be used for an experimental evaluation.

In both Marca Perú schools as well and the rural public school group, the delivery of school lunches will be randomly assigned. Among schools that receive lunches and belong to Marca Perú, an additional intervention--which extends the school day commitments from 8:00 a.m. to 4:30 p.m.--will also be randomly assigned during three days of the week, as a way of completing teaching hours with the school nutritional lunch compensation that will contribute to students' proper performance and attentiveness until the end of the day. This

design would enable researchers to find the effects of (i) school lunches in school within the Marca Perú network as well as in rural public school outside it; (ii) having a complete school day in Marca Perú schools; (iii) receiving lunches and having a complete school day in Marca Perú schools; (iv) belonging to a Marca Perú school, receiving lunches, and having a complete school day; and (v) belonging to a Marca Perú school.

In all components, attendance and truancy will be monitored. The evaluation will take place during the first three years of implementation. As education indicators, school attendance, census results, and other surveys will be considered. Nutritional indicators such as height and weight, body mass index, hemoglobin, and caloric intake will be measured. Information is expected to be collected through surveys and measurements at the beginning of 2013, with three more at

the end of that year and continuing for the next two years. To accomplish this, each survey could collect information for approximately a thousand students in each subgroup, with a total of three thousand each year.

Thanks to the experimental and phase-in design, these interventions do not pose any ethical issues.

INSTITUTIONAL FRAMEWORK

The interventions will take place within an interministerial agreement among MIDIS and the Ministry of Education (MINEDU). In the first intervention, Qali Warma will be in charge of operations and the evaluations will be held by the Monitoring and Evaluation Department. In the second intervention, the Intercultural and Rural Education Department, as well as the Regular Education Departments will participate. A joint effort between MIDIS and MINEDU will supervise monitoring of the intervention until full scale-up is accomplished.

Quipu Commission Proposals

JOB TRAINING OR ENTREPRENEURSHIP: ¿HOW TO SUPPORT THE RURAL YOUTH?

Academic: Gustavo Yamada

PUBLIC POLICY MOTIVATIONS AND PROBLEM

Poverty relief models should include the improvement of employability and job opportunities for the rural youth. The program “Jóvenes a la Obra” has shown in the past that adequate technical job training and a right link to labor demand can have a positive impact on urban youth. A current debate in the academia and in public policy circles is whether low-income youth should be part of technical capacity building for the labor market or should be trained in entrepreneurship to help them start their own businesses. The question of which type of training is more appropriate for rural youth still remains unanswered.

In Peru, youth between 15 and 30 years old represent 27 percent of the population and 45 percent of the labor force. This group, in comparison to the rest, has the highest rate of unemployment, inactivity, and low wages, among other unfavorable indicators. In response to this situation, the Labor Ministry (MINTRA, in Spanish), has been executing “Jóvenes a la Obra,” which provides capacity building oriented to increase the entrance rate of the poor youth into the formal labor market. Concentrating their attention on vulnerable youth, the program has branched out to help them with entrepreneurial issues.

INTERVENTION AND EVALUATION

Given that this model is relatively new in the country, it recommends starting with a pilot with an appropriate impact evaluation.

Groups would randomly be assigned to the following interventions:

- i. **Subcomponent of job training:** Capacity building for formal dependent work linked with company internships to strengthen their knowledge in practice and enable a better entry into the labor market.
- ii. **Subcomponent of job independency:** In rural areas it is necessary to generate opportunities for self-employment. Entrepreneurial technical assistance becomes relevant in this context.
- iii. A third option contemplates the possibility of the beneficiaries to choose one--and only one--of the two components mentioned above according to their preferences and aptitudes. Therefore, different outcomes from job training and entrepreneurship would be found.
- iv. The fourth option gives the beneficiaries access to both kinds of training, sequentially or at the same time, to explore the synergy gain in both of them. This is justified because it is possible that both possibilities occur during the first years of work experience.
- v. Comparison group: Given the limited



vacancy, there would be a randomly chosen group of registered beneficiaries interested in participating, but would not be beneficiaries at an initial phase and would serve as a comparison group.

Preliminary information provided by the MIDIS estimates that around 18,000 youth would graduate from JUNTOS in the near future, meaning that this intervention could reach twelve thousand of them in a three-year lapse. The pilot would help determine some of the relevant parameters of the intervention, and during registration with the program they will be explained how access is limited, so that the randomization of the trial is preserved. The sign-up would serve as a baseline for the project and it will collect relevant information about the participants.

It is possible to conceive that this program could be scaled up in order to benefit all of the rural youth living in poverty conditions that are not going to pursue higher educational levels and are in need of labor training.

INSTITUTIONAL FRAMEWORK

The intervention would take place within an alliance between MIDIS and MINTRA with the implementation under the responsibility of local and regional governments. MIDIS would be the coordinator and cofinancier of the program, ensuring that the prioritized districts are being attended to. The participation of the Agriculture Ministry is also needed in order to design and implement modules for dependent agricultural management. Production and education ministries could implement the self-employed and nonagricultural job training.

Partner Organizations

The Ministry of Development and Social Inclusion (MIDIS) is the government agency charged with crafting social policy. As such, it designs, coordinates, and implements policies and strategies targeted at reducing hardship and poverty. Through these actions, MIDIS coordinates the entirety of Peru's social inclusion and development programs in order to combat poverty, inequality, and social vulnerability. www.midis.gob.pe.

The Ministry of Economy and Finance is a government agency within the Peruvian executive branch whose organization, responsibilities, and structures are chartered by Legislative Decree No. 183 and its amendments. Its responsibilities include: to plan, direct, and control issues related to the budget, treasury, debt, accounting, fiscal policy, public investment, economic policy, and social policy. Additionally, it designs, establishes, executes, and supervises national policy in these areas across sectors under its charge. www.mef.gob.pe.

Soluciones Empresariales Contra La Pobreza (Business Solutions Against Poverty, or SEP in Spanish) is an NGO created by Peruvian businessmen in an effort to support the Peruvian government in its fight against poverty. SEP

does this by helping the government become aware of best practices worldwide in the fight against poverty and by helping to tailor these solutions to the Peruvian context.

The Abdul Latif Jameel Poverty Action Lab (J-PAL) is a network of affiliated professors around the world who are united by their use of randomized control trials (RCTs) to answer questions critical to public policy and poverty alleviation. Its global headquarters are in Cambridge, MA and it has four regional offices in Africa, Asia, Europe, and Latin America, which are housed at different universities. J-PAL LAC is currently working on projects related to education, housing, microcredit, and others. For more information visit www.povertyactionlab.org.

Innovations for Poverty Action (IPA) is an NGO dedicated to the creation and evaluation of programs of economic and social development. Its headquarters are in New Haven, CT, and it maintains country offices in Peru, Mexico, Kenya, Malawi and many other countries. IPA Peru was established in 2002 and has undertaken more than 13 evaluations in the country. For more information visit poverty-action.org.

Colaboradores:





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