



**More Budget than Results-Based Budgeting?  
The Peruvian Success Story in Overcoming Stunting in  
Children “Articulated Nutrition Budget Program”**

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## List of Acronyms

APNOP	Asignaciones presupuestales que no resultan en productos (Budget allocations that do not result in products)
CAS	Contrato Administrativo de Servicios (Administrative Service Contract)
CRED	Control del Crecimiento y Desarrollo (Growth and Development Controls Service)
EDEP	Evaluaciones de Diseño y Ejecución Presupuestal (Evaluations of Design and Budget Execution)
EUROPAN	Programa de Apoyo Presupuestario al Programa Articulado Nutricional (Program of Budgetary Support to the Articulated Nutrition Budget Program)
FED	Fondo de Estímulo al Desempeño (Performance Incentive Fund)
IDB	Inter-American Development Bank
IMF	International Monetary Fund
INEI	Instituto Nacional de Estadística e Informática (National Institute of Statistics)
MCLCP	Mesa de Concertación para la Lucha Contra la Pobreza (Poverty Reduction Roundtable)
MEF	Ministerio de Economía y Finanzas (Ministry of Economy and Finance)
MIDIS	Ministerio de Desarrollo e Inclusión Social (Ministry of Development and Social Inclusion)
MINSA	Ministerio de Salud (Ministry of Health)
NPM	New Public Management
OECD	Organization for Economic Cooperation and Development
PAN	Programa Articulado Nutricional (Articulated Nutrition Budget Program)
RBB	Results-Based Budgeting
PP	Programa Presupuestal (Budget Program)
PRONAA	Programa Nacional de Asistencia Alimentaria (National Food Assistance Program)
QALI WARMA	Programa de Alimentación Escolar (School Feeding Program)
WB	World Bank

## **Abstract**

This paper questions the celebration of Peru as a successful model of best practice in applying results-based budgeting (RBB) in the field of nutrition, which led to outstanding improvements in reducing stunting. The social indicators that substantiate this celebration are in fact inconsistent with this narrative of success and government documents suggest that RBB has not delivered the expected results regarding resource allocation for public services. Despite this, RBB has become the dominant model of public budgeting in Peru since its official adoption by the government in 2008. Hence, this paper sets out to understand whether the various policy outcomes associated with RBB can actually be attributed to RBB or to other budgeting and public management processes.

Specifically, the study examines the Articulated Nutrition Budget Program (PAN) related to child nutrition policy - which stands out as the most likely case to establish the relevance of RBB to the policy outcomes - by applying interviews, review of documents, secondary sources and primary data analysis. The thesis argues that the improvement of services in these programmes – which is arguably a determining factor in the improvement in the targeted social indicators – has been primarily due to a large increase in financial, human and physical resources, and not with the mechanisms of results-based budgeting. The findings shed light on the relevance of the government's typical decision-making approach to increase supply and public financing for public services embedded in the highly political dimension of the public sector's resource allocation process, rather than in the rationality stated by RBB. In fact, the study points towards the unclear and inconsistent role of RBB in improving resource allocation and addressing government dysfunctionalities.

The research contributes knowledge to the development field on the resource allocation process for public services. Given their importance in addressing development issues, it is essential to understand how the nature of public organizations affects their funding. In this sense, the study provides a forum to discuss and examine whether incentive-driven mechanisms should be the model for developing budget decision-making to achieve policy outcomes.

## **Keywords**

Results-Based budgeting, resource allocation, child nutrition, Peru

## Chapter 1

# Introduction to the Peruvian Success Story of Moving to Results-Based Budgeting

“How Peru tackled chronic malnutrition in children and became a global example” was the title of the article with which the BBC World News announced Peru worldwide by 2017. After years of failed effort, as stated by the World Bank, Peru had finally found the recipe to reduce stunting in children under five years old at a rate never experienced before by other countries. The numbers dropped dramatically, by about 15 percentage points in less than one decade. It has been claimed by the Peruvian government and the international community that success was based on the following factors: effective coordination across the sectors and tiers, “smarter policies focusing on evidence, incentives and results” through Results-Based Budgeting (RBB) strategy, and communication strategy (Acosta and Haddad 2014, Marini, Rokx and Gallagher 2017: 47-48, Gates and Gates 2017: no page).

Several spokespersons from the government, international community and academia celebrated this success, and encouraged other countries to follow the Peruvian model. As Ariella Luna, former Deputy Minister of Development and Social Assessment stated, RBB “allowed us to rearrange the existing budget and refocus it” towards proven and cost-effective interventions of reducing stunting. Inspired by the Peruvian experience, the Bill & Melinda Gates Foundation suggested that “stunting is a solvable problem when leaders are committed to following the evidence” (Gates et al. 2017: no page). In their research, Acosta et al. (2014) argue that RBB system was a “critical factor for success” as the “glue” to make “horizontal and vertical coordination stick together”, as well as a better allocation of financial resources. Additionally, Felipe Jaramillo, the World Bank’s former Country Director for Peru, declared that the Peruvian experience was “definitely something that can be replicated elsewhere” (Marini et al. 2017: 47). Essentially, Peru presented the world with the narrative that stunting and similar problems are solvable by introducing performance-oriented instruments.

In 2008, the Peruvian government proclaimed the RBB reform as the mechanism that would create the appropriate state to provide public services that benefit the population. According to the Ministry of Economy and Finance (MEF), public services were characterized as being inefficient and as being responsive only to bureaucracy’s goals rather than population’s interests (Salhuana 2008: 4). Greater efficiency in public spending was one of the many aims of adopting RBB. The idea behind the RBB is to create a proper state that “costs less and does more”. The underlying reason why states fail is due to how they spend their money. According to this, development problems are not necessarily due to the lack of resources; rather, they arise because resources are misused. If governments misallocate resources, public services run out of funding. If public resources are misused, it affects service provisions too, making it impossible to achieve their goals and thus, to enhance population’s welfare.

The discussion on how governments can deliver more for less is not new. The urgent need to shift from inefficient services to smarter and better public services has been consistent in the global development agenda over time. RBB emerged in the 1970’s in the United States and became popular as part of New Public Management (NPM) reform during the 1990’s and the 2000’s among developed and developing countries. New Zealand and the United Kingdom were the pioneers to embrace this reform as an alternative to tackle fiscal crisis and state disfunctions in order to sustain and accelerate development. In 2003, the World Development Report “Making services work for poor people” stated “development is not just about money” (WB 2003: xv). It suggested that enhancing service provision is not

a matter of neither economic growth nor more public spending necessarily. Better public services for the poor is in line with better use of public spending and incentive for service providers. In 2018, IDB said to Latin America and Caribbean countries that better public services do not necessarily require spending on more resources. The answer has to do “with fiscal efficiency and smart spending”. It claimed that improving social indicators is a matter of “using the same level of expenditure currently available, or at least providing current levels of services with less money” (Izquierdo, Pessino and Vuletin 2018: preface, xxiv). The report denominated Peru’s experience in nutrition programs as an example of good practices to the world in RBB.

10 years after embracing RBB, the political and technical discourse of the Peruvian state is dominated by the language and practice of the model. It is implemented in all bureaucratic organizations across the different levels of government. There is no public sector that has not embraced it. Nevertheless, despite the initial motivations and apparent success, there are some counterindications that question the RBB promises. The outcomes are diverse and paradoxical. Some impact indicators had a dramatic fall in a short time, but slowed or reversed progress in the following years. While stunting dramatically dropped by 11 percentage points between 2008-2013, its deceleration and stagnation of progress have been evident in the last 5 years. It remains around 13%-14% since 2014. In the case of the rate of anemia, an intermediate outcome of the state nutrition policy, there was an initial dramatic drop; 15.2 percentage points in almost five years. However, it soon stagnated and even began to increase in the following years. Neonatal mortality increased instead of falling, reaching a rate of 13 in 2012, and by 2018 it returned to the same level as in 2011 (see figures in Appendix 1). Statistics seem to indicate that the strong focus on performance produces efficiency gains in the short term, but that these gains disappear in the long term. On the other hand, documents suggest that RBB mechanisms do not seem to deliver the expected results and address governmental dysfunctionalities. It was found that RBB’s incentive mechanism had not generated long-term impact on vaccine coverage, as well as no effect on Growth and development controls (CRED) and iron supplementation for children (Ministerio de Economía y Finanzas n.d.-a: no page). Coordination among subnational level, its capacity to manage the budget accountable and efficiently and rent seeking behavior within political class, continue being a challenge despite the introduction of RBB incentive mechanisms (Acosta et al. 2014: 32-33; WB 2018: 28-29).

Peru is celebrated as an emblematic model of results-based budgeting (RBB) in the field of nutrition, which led to outstanding improvements in reducing stunting. However, the role of RBB in this success story is questionable. The social indicators that substantiate this celebration are inconsistent with this narrative of success and governmental documents suggest that the implementation of RBB in government processes has been limited. Despite this, RBB has become the dominant model of public budgeting in the country since its official adoption in 2008. Motivated by this ambiguity, this paper sets out to understand the following question: Can the various policy outcomes associated with RBB be actually attributed to RBB or to other budgeting and public management processes? As the RBB has the budget process as the main management instrument for public services, it leads to my sub-question: In which ways has RBB affected the budget allocation process for public services?

The idea that better public services may be attributed to better spending by applying models such as RBB has been the alternative to achieve development goals. It has been celebrated and takes a dominant position in the global development agenda, despite literature being inconclusive about their impact and suggesting that it might create more problems than solutions. The thesis argues that the improvement of services in these programmes – which is arguably a determining factor in the improvement in the targeted social indicators – has been



primarily due to a large increase in financial, human and physical resources, which is embedded in the characteristic process of budgeting and public management of the public sector rather than the mechanisms of results-based budgeting.

Specifically, to do this study focuses on the Articulated Nutrition Budget Program (PAN) related to child nutrition outcomes, which represents the most likely case to explore the role of RBB on policy outcomes. PAN is the most documented and developed budget system through RBB, as a consequence if a clear role of RBB can be identified in PAN, it applies everywhere. If it cannot, the relevance of RBB is questionable. In this sense, the focus of the research is the budget process, more specifically, regarding stages of programming and allocation of budget where it is expected that RBB has an important role. The methodology is designed as a single-case study and applies interviews, review of documents, secondary sources and primary data analysis. The research has the following organization. Chapter 2 presents the research methodology. Chapter 3 reviews the literature regarding concepts, theories and debates around RBB. Chapter 4 explains RBB in the context of Peru. Chapter 5 presents and discusses the findings and Chapter 6 provides the conclusion.

## Chapter 2

### Research Methodology

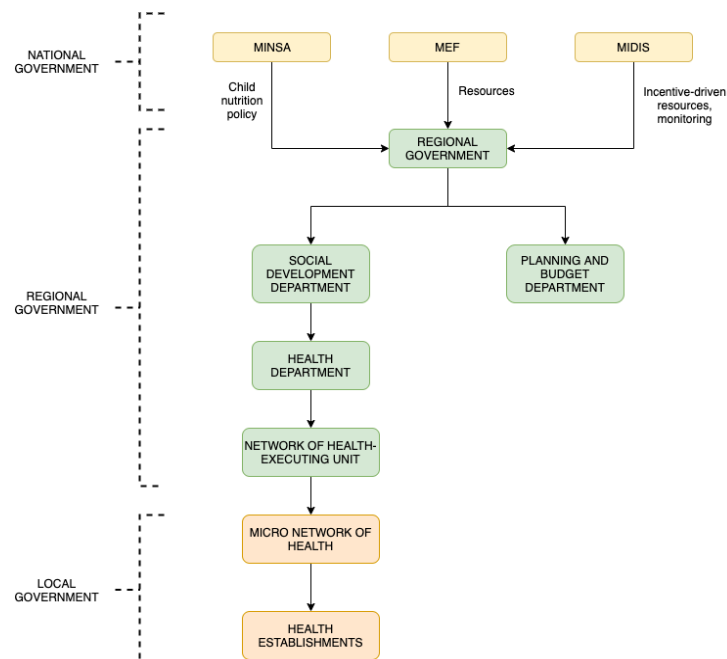
#### 2.1 The case: PAN

The methodology is designed as single-case study because of this method allows to study RBB in depth within the limited timeframe for developing this research. In 2019, there are around 90 budget programs in Peru that employ RBB approach. I focus on the Articulated Nutrition Budget Program (PAN) aimed to improve the resource allocation for child nutrition public services because PAN is the most well-documented and developed funding system through RBB. PAN was the priority within the first five strategic programs included in the RBB reform<sup>1</sup>. Consequently, PAN represents the most-likely case because if a clear role of RBB can be identified in PAN, it applies everywhere. If it is not, it questions the relevance of RBB.

#### 2.2 Actors

To select the relevant interviewees, I did a mapping exercise based on the Annex N° 2: Budget Program 0001 – Articulated Nutrition Program. Annex N° 2 is the document that details all the information regarding a budget program to be sent by public sector entities to MEF annually. I contrasted the preliminary mapping with information collected by an exploratory interview about the nutrition policy implementation. The figure 2.1 presents the final mapping exercise:

**Figure 2.1 Mapping exercise regarding PAN**



<sup>1</sup> These programs were 1) Maternal and Neonatal Health; 2) Articulated Nutrition; 3) Learning Achievements; 4) Population access to identity; and 5) Access to Basic Social Services and Market Opportunities.

The interviewees included policy makers and policy implementors from the three levels of government. They were former or current policy makers, budget, management and operations staff and service providers. Candidates were selected to represent both policy making and policy implementation in order to have a comprehensive view of PAN. Years of experience in the implementation of PAN were also taken into account. In order to trace the process of PAN, I selected key interviewees who participated since the beginning of PAN. For reasons of limited time and capacity only actors from one subnational government were selected. For the selection of the subnational government, I considered its performance in reducing stunting, the degree of RBB implementation, access to key actors and time for transportation because of the limited time to carry out the field work. Based on that, I selected Ayacucho region. It reduced stunting rate in 21.4 pp<sup>2</sup> between 2009-2017 and was a prioritized territory for the implementation of PAN.

## 2.3 Method

The research has a mixed method approach. I collected, analyzed and integrated qualitative and quantitative data to support my thesis. I combined in-depth interviews, document research, secondary sources, literature and some primary data analysis. Most of the information is public but it is dispersed through different sources. I collected data from different reports, information systems among others in order to compare and triangulate the findings from interviews. Appendix 2 documents the sources. I conducted the interviews between the 3<sup>th</sup> and 30<sup>th</sup> of August in Peru. All interviews lasted between one and two hours and were recorded and transcribed for analysis. Although some of the interviewees did not have a problem with being recorded, anonymity was assured to provide the confidence to the interviewees to reflect on their official position, as well as confidentiality to guarantee protection of personal and professional information considering research's potential impacts on the participants. I interviewed 21 people of which 9 were related to MINSA, MEF and MIDIS; 6 on the regional level among the departments of health, social development and budget as well as the network of health; 4 frontline providers on the local level and 2 interviewees of international organizations. 4 of them were key actors in the creation of PAN. Due to the lack of deeper involvement in PAN, I disregarded 4 of my interviews. Appendix 3 lists the interviewees. I reached out by email and phone to schedule interviews. Almost all the candidates confirmed the interview; the only challenge was to coordinate the schedule. To work around this, I conducted the interviews in person, by skype and phone.

## 2.4 Reflections as a researcher

Gaining access to elite interviewees was considered a difficulty. Using my professional network in Peru helped me to establish the initial contact with key potential participants. Moreover, the support from the first interviewees to identify other potential candidates was valuable in gaining required access. However, this approach also posed a risk to select interviewees with similar opinions or professional background. In order to reduce the risk, I made the effort to have a diversity of candidates that represent different agencies, functional area and level of government following figure 2.1. On the other hand, working previously in the field of childhood budget monitoring represents both an advantage and disadvantage.

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<sup>2</sup> Percentage points. See Appendix 1 for stunting statistics.

Besides the advantage of practical knowledge and experience related to budget program for child protection, it also meant addressing issues associated with professional bias, lack of professional experience as a researcher, lack of deep knowledge regarding public services for child nutrition. Regarding the latter, I did some exploratory interviews and consultation with professionals related to the health system. Also, it was useful to take the research technique courses of qualitative interviewing and techniques for case-study research. During the interviews, the main challenge was to encourage interviewees to provide a critical reflection on their experience, different to the official position. Reformulating and paraphrasing questions in different moments of the interview was helpful to find contradictions and contrast arguments. My experience working on budget program help both to contrast information and narrow questions.

## Chapter 3

# What is Results-Based Budgeting about?

### 3.1 Introduction to Results-Based Budgeting

In literature, there is no consensus on the definition of results-based budgeting (RBB). It is known as “budgeting for results”, “performance-based budgeting” and “performance-based funding”, among other terms. The main RBB’s advocates are: the Organization for Economic Cooperation and Development (OECD), International Monetary Fund (IMF), World Bank (WB) and Inter-American Development Bank (IDB). They have published specialized documents on the subject to inform and promote its adoption, whose guidelines have been the basis for RBB among countries.

In the case of OECD, RBB is defined as “the form of budgeting that relates funds allocated to measurable results” in order to “make better budget and management decisions” (OECD 2005a as cited in OECD 2007: 3,20). In this line, Robinson, Last and IMF (2009: 2) develop the basic model of performance budgeting, where they define RBB as the means: “to improve the efficiency and effectiveness of public expenditure by linking the funding of public sector organizations to the results they deliver, making systematic use of performance information”. They recommend that RBB has to be part of a broader reform that stresses public management on results delivered rather than processes. It includes: changes to increase the motivation and incentives of public servants; an organization restructuring of the public sector towards service delivery by creating agencies and reducing the number of ministries; and a shift in emphasis from process accountability to accountability for results. All of this is necessary to improve the efficiency and effectiveness of public expenditure. On WB’s part, RBB is defined as:

A system of budgeting that presents the purpose and objectives for which funds are required, costs of programs and associated activities proposed for achieving those objectives, and outputs to be produced or services to be rendered under each program. (Shah and Shen 2007: 143)

A document published by IDB, defines RBB as “a combination of methodologies, processes, and instruments that allow decisions related to budget formulation to systematically incorporate considerations about the results of using public resources” (Marcel, Filc, Shack, Berretta, Jul and Rezende et al. 2010: 257). Among these definitions, the transformations of RBB are located between two poles. A presentational type when there is no link between performance and funding at one extreme. Here, RBB pursues transparency and accountability purposes. At the other extreme, a performance-determined type where there is a direct relationship between performance and the resource allocation for programs.

There is no set standard for these reforms, but all RBB efforts have a common goal: to focus on the efficient allocation of resources by focusing on the behavior of individuals and organizations within the public sector. In this way, RBB represents a tool to achieve well-being of people by affecting the allocation of resources, and thus determining how governments intervene in the provision of welfare. To achieve this, it applies a set of principles and instruments that I will explain in the following chapter through the Peruvian version. This research follows the definition of IMF, which was the basis for the Peruvian model, and uses the term “results-based budgeting” to refers to all variants.

For decades, advocates of RBB have claimed that it can contribute to ensuring efficiency and effectiveness of the public sector on resource allocation and management. With the hope

of shifting the bureaucratic model towards a results-oriented model, they have developed different RBB systems as alternatives to sustain and accelerate the pace of development. The introduction of RBB has been linked to a larger reform, called the New Public Management (NPM). NPM emerged as an alternative to development among developed and developing countries. Western governments, such as New Zealand and United Kingdom, were the pioneers to embrace this reform. During the 1970s, fiscal crisis and disfunctions of the welfare state among developed countries catalyzed this process of reforming. Developing countries followed this model, triggered by the failure of their development models based on import substitution, external debt crisis and an inefficient state during the 1980s (García López and García Moreno 2010: 3-6).

NPM is inspired by the private sector management model and economic principles to strengthen the state in order to promote development. “It proposes replacing the traditional model of organization and delivery of public services, based on the principles of bureaucratic hierarchy, planning, centralization and direct control, with a public management based on an economic rationality that seeks efficiency and effectiveness” (García López et al. 2010: 250). Essentially, NPM prescribes a set of principles and practices that stresses hands-on professional management, explicit standards and performance indicators, an emphasis on control of output rather than inputs, disaggregation of units, private sector management practices, use of incentives - such as competition, contracts management and market orientation - to influence decision making behaviour, cost cutting and budgetary discipline (Christensen and Lægreid 2011a: 2-4).

Those against tools inspired by the NPM have suggested that they have created more problems than solutions. Christensen et al. (2011) note that it has produced the weakness of political control, coordination problems, the undermining of the government’s capacity to solve problems that require intersectoral actions, and thus it has generated losses in efficiency and effectiveness. Hood and Dixon (2015: 266) discuss that NPM mechanisms may have damaged administrative values such as fairness and consistency and increased the running-costs for the British government. In the cases where efficiency gains have been found, it has been difficult to attribute them to these measures. Authors have suggested that these productivity gains may have simultaneously caused: service quality to decline, social inequality to become exacerbated (Christensen and Lægreid 2011b: 12-14, Pollit 2002: 290) or that this efficiency is implausible (Robinson and Brumby 2005). For developing countries, scholars have suggested that it did not work, or at least its contribution has not been relevant (Manning 2001; Polidano and Hulme 1999). The review of studies on RBB shed light on this criticism. Supporters of RBB claim that it contributes to efficient spending. Although empirical studies show that it has resulted in transparency, its impact on resource allocation decision-making has been little to none (OECD 2007: 64-67, Schick 2014: 7-13). For instance, even though OECD countries have arguably the most advanced budgeting systems in the world, they have not necessarily changed the way that they make their budgets. Consequently, as Schick (2014: 7-8) states “performance budgeting has not become the government’s budget process. It is an accessory to the budget. It adorns and enhances budget decisions but does not fundamentally change the way they are made”.

Following NPM’s principle, the idea behind the RBB model of development is to create a proper state that “costs less and does more”. The underlying reason why states fail is due to how they spend their money. According to this, development problems are not necessarily due to the lack of resources, rather, they arise because resources are misused. If governments misallocate resources, public services run out of funding. If public resources are misused, it affects service provision too, making it impossible to achieve their goals and thus, to enhance population’s welfare.

There is no doubt that enhancing the efficiency of the public sector is fundamental to achieve development objectives. And a greater efficiency through public spending is not new.

However, how governments can deliver more with or without necessarily spending more is still a matter of controversy. International bodies have dedicated extensive documents to provide an answer: Smarter policies, cost-effective services and better spending have been the consistent solution from the global development agenda over time. In 2003, the WB (2003: xv) in its World Development Report “Making services work for poor people”, stated “development is not just about money”. Therefore, enhancing service provision is not a matter of neither economic growth nor more public spending necessarily. The problem is that service cannot work well because most social spending goes to the non-poor; it does not reach the frontline service providers and service providers have weak incentives to deliver services effectively. What it means is that the effectiveness of services does not depend on the amount of resources. On the contrary, it is determined by the use of the resources. Following the WBR, services for the poor can work when countries spend resources effectively. To make this possible, the solution requires a “set of institutional arrangements that give policymakers, providers, and citizens the incentives to adopt the solution and adapt it to local conditions”. According to the WB, it means that the accomplishment of development depends more on 1) the emphasis in empowering poor people to monitor service providers and take part in the process of policymaking; 2) on the incentive for service providers rather than an increase of resources for services (2003: 32-45). The message here is that the improvement of services is not a matter of resources, countries can deliver good services without necessarily spending more if they establish the proper incentives to influence the behavior of public organizations. Some years later, Peru’s experience has served to validate this position. In 2017, a WB’ publication and Bill & Melinda Gates Foundation called on all countries to follow Peru’s example in reducing stunting. Smarter policies focusing on evidence, incentives and results were the ingredients for a successful strategy against stunting in children or similar problems that countries seek to solve (Marini et al. 2017: 47-48, Gates et al. 2017).

In 2018 IDB published the document “Better Spending for Better Lives: How Latin America and the Caribbean Can Do More with Less”. It offers recommendations to the Americas on how to improve public services without necessarily spending more resources. It suggests that the solution does not rely on neither spending cuts nor spending increases. The answer has to do “with fiscal efficiency and smart spending. It’s about doing more with less” (Izquierdo et al. 2018: preface). Improving social indicators, such as the crime rate, educational level or providing more infrastructure services, is achievable by “using the same level of expenditure currently available, or at least providing current levels of services with less money”. At the same time, it points out that developing countries face problems in achieving the level of development that developed countries have, because of the lack of efficient spending. That is, we do not “do things in the best possible way, given the resources available”, as the governments of developed countries do (2018: xxiv). In addition to this, developing countries also suffer from allocative inefficiency since the budget allocation, in different types of expenditure, is usually determined under historical criteria without considering “where an additional dollar would be most useful” (2018: xxv). To accomplish spending better before spending more, IDB recommends a series of tools that allow to improve the results using the same resources. One of these tools is RBB. It points out that “the adoption of a results-based budget that includes efficiency improvement metrics would contribute in promoting a more efficient allocation of resources”. In other words, if countries want to achieve the development of the most developed countries in the world, the solution is not to spend more. The alternative is to do more with the same or less. In fact, the report highlights the Peruvian experience about health provisioning for reducing stunting as a good practice of RBB. It represents a good example of doing more with less.

Since the 1970s, the dominant discourse of development is closely related to spending effectively rather than spending more. The solution to existing development problems does

not necessarily involve increasing resources but making efficient use of them. Therefore, the alternative of development does not necessarily require greater spending, but it is a matter of making better use of existing resources. Here, RBB is a key component of the successful strategy to achieve this. The Articulated Nutrition Budget Program in Peru has been considered as a success story that reinforces this argument. Its achievement in lowering child malnutrition highlights the importance to analyze this experience.

### **3.2 Key theoretical approaches of Results-Based Budgeting**

The theoretical approach around RBB has its basis on the doctrines that inspired the New Public Management. Hence, RBB is dominated by management and economic approaches. In particular, managerialism and the public choice theory have been used to analyze and understand the public sector. However, they have not been without criticism for providing an insufficient understanding on many issues related to the functioning of the public sector by neglecting the institutional factors and the context where governmental actions occur.

Underpinning RBB is the public choice theory. It highlights the risks of interest-group capture and rent-seeking behavior by assuming that all human behavior is driven by self-interest. According to public choice scholars, self-interest dominates the motivations and goals of individuals and organizations within the public sector. For instance, self-interest can be related to their salary, power, public reputation, political ambitions, among others. They stated that this self-interest is the cause of the misuse of positions and resources by bureaucrats and politicians who place their purposes at the expense of the society's interest. This subsequently leads to the state failure in improving its welfare, and thus society towards a worse condition (Boston 2011: 23-24). They showed that "tendencies for inefficient use of resources and the exploitation of minorities by majorities are exacerbated by traditional budgeting by representative committees and by the executives within the bureaucratic organizations" (Niskanen as cited in Gruening 2001: 6). Scholars identified that these organizations have several deficiencies such as the inclination for a strong accumulation of tasks and resources, for risk adversity and for a legal inability to accomplish tasks (Downs and Tullock as cited in Gruening 2001: 6). To deal with these problems, public choice advocates claimed that a set of legal-institutional rules controlling the choices and activities of bureaucrats and politicians is sufficient to correct this misbehavior, that would lead to create an efficient and effective state. These measures include separation of policy, regulatory and delivery functions, competition and market-based solutions, transparency and accountability mechanisms.

The behavioral assumption underpinning public choice is agency theory. It focuses on the relationship between the principal and the agent. The principal is the person or organization that delegates work while the agent, another individual or entity, is who executes that work (Eisenhardt as cited in Boston 2011: 25). The foundation of this theory is the contract (formal or informal) governing the relationship between the principal and agent. In the public sector context, the principal-agent relationship can be identified across the different levels of government, from citizen to politician, to bureaucratic subordinate and on down the hierarchy of government to the lowest-level bureaucrats who are the frontline service providers (Moe as cited in Boston 2011: 25). Following the public choice theory, it assumes that parties are driven by a self-interest. Hence, the agency problem takes place when the parties have different goals and motivations. If one of them behaves in an opportunistic manner, there is a higher probability of goal misalignment and contract violation. This can be exacerbated if there is incomplete or asymmetry of information. To solve the agency problem, agency theorists argue that determining the most efficient contract to govern this relationship can restrain self-serving behaviours and correct misbehaviors. It includes the use of incentives to



align agent's interest with principal's interests; monitoring agents' behavior and establishing a compensation or obligation agreement that reinforces the alignment of interests (2011: 26).

However, the failures of practices inspired by the New Public Management, such as RBB, has led to questions about its theoretical underpinning in diagnosing and prescribing solutions for governmental dysfunctions. Boston (2011: 31) states that focusing on self-serving behaviours by agents than principals assumes that principals are competent to identify the problem and establish the course of action disregarding the knowledge and help from the agents for service provision. In a principal-agent relationship within the public sector context is problematic. On one hand, the opportunistic behavior of the principal can represent a higher risk when they hold political positions or positions of trust in the public sector, such as general directors, ministers, regional authorities, etc. On the other hand, the underestimation of the role of agents (such as frontline service providers) for policy making process can lead to serious problems since they are the ones that implement the policies and have close contact with the population. Therefore, they have valuable information and knowledge on how services work and what the population needs, which is fundamental for policy making and implementation in the public sector.

From the management approach, it views organizations, whether public or private, as more similar than different, and thus their performance can be improved by a similar set of management skills, capabilities, methods and procedures. It focuses on the main role of the manager to have authority and control over service provision decision-making. In this sense, managers make decisions regarding resources and the best course of action to solve the problem. It also highlights the use of incentives in the public sector. It assumes that individuals' behavior responds to a logic of rewards and sanctions. Thus, the incentives are a mechanism that would lead to improvements in performance. These incentives could be performance-based remunerations or performance-linked contracts. Finally, efficiency, cost-effectiveness and accountability receive special attention in managerialism through the introduction of measurements for the assessment of individuals' and organizations' performance. In summary, it implies a separation of the relationship between policy makers and service providers; it increases the policy maker's control over the service providers; it privileges the status of policy makers (2011: 22-23).

Critics argue that the oversimplification of the management and economic approach provides an insufficient understanding on issues related to the functioning of the public sector, as it ignores the context of where these relationships take place. The alternative frameworks beyond the traditional theory focus on the political economy and institutions. It suggests that politics and institutions<sup>3</sup> matter. Institutions are rules that emerge to govern the interaction (transaction problem) between parties (such as principal – agent relationship) in order to achieve an objective. These rules can be rules for: making decisions about spending, for organizing entities, for determining who does what and so on. However, these interactions are embedded in a broader and complex social context, which affects the probability of compliance or application of particular rules. Thus, it highlights the importance of contextual factors, on top of the specific technical problem and the characteristics of the parties. It suggests that the focus is not on the institutions themselves but rather, the social context of where these institutions are situated. The institutional literature looks at this context by highlighting how culture, norms and the capacity of the governmental organizations influence the choices and effectiveness of particular rules. In contrast, the political strand critiques that these approaches do not consider the changes of rules produced by the distribution of power within organizations. According to this approach, institutional changes are generally influenced by

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<sup>3</sup> Institutions are rules that emerge to govern social interactions (transaction problems) with the aim of achieving results. Some rules can be rules for organizing entities to determine who does what, rules for making decisions about taxing and spending, property rights and so on.

cultural, normative aspects or changes in the government capacity. On the contrary, these changes are usually driven by changes in the distribution of power among organizations due to new political mobilizations, technological advances, economic opportunities or external shocks (Khan 2017: 638-640). Therefore, determinants for the distribution of power across organizations, such as ideologies, leaderships and external conditions, play an important role in understanding socioeconomic development. Rather than applying economic rationality to understand and design public organizations and services, the literature moves towards more complex and context-based approaches by highlighting a connection between the policy makers, service providers and population, and thus representing an iterative process of policy making, planning and delivering in contrast to the separation of policy making from service provision activities (Duncan and Chapman 2012: 154). This is the theoretical discussion where my research is situated.

## Chapter 4

# Results-Based Budgeting and Articulated Nutrition Budget Program in Peru

The RBB reform in Peru arises in 2007 against the backdrop of public budget growth due to the country's economic boom and higher fiscal revenues. However, the genesis of this reform is the result of processes inherited from the 1980s and 1990s. During the 1990s, the Fujimori government (1990-2000) undertook reforms in response to the fiscal and economic crisis of the 1980s, following the recommendations of the Washington Consensus and the International Monetary Fund. Fujimori's government not only meant changes to orient the economic model towards fiscal adjustment, market opening and state reduction, but also saw the deterioration of public institutions due to the corruption crisis and deep problems of inequality and social exclusion. The tension between economic stability, the crisis of governance and social debt resulted in a process of reforms to respond to the State's dysfunctionality. These were expressed in the law of modernization of state management (January 2002) and Law of Decentralization (November 2002). Simultaneously, the prioritization of chronic malnutrition is circumscribed in a socio-political context between 2000 and 2007, in line with the Millennium Development Goals that had as important milestones: the "National Campaign for Children" (during 2002 regional elections); the Declaration in favor of children" (2004) and the national campaign "In the public budget: Girls and boys first"(2005). This latter campaign established eleven priority actions related to the identity, health and education of children. Furthermore, the 5x5x5 agenda (2006) aimed to engage presidential candidates to reduce chronic malnutrition by 5 points during the 5 years of government in children under 5 years of age (Arambulo 2013: 79-119).

On this basis, the budget law of 2007 introduced RBB prioritizing the eleven priorities in childhood - which translated into the first five budget programs - with the main focus being malnutrition, through PAN, in the budget law of 2008.

Following IMF's definition, in Peru RBB is defined as "a public management strategy that links the allocation of resources to products and measurable results in favor of the population. Specifically, this concept entails: a clear definition of the results to be achieved; the commitment to achieve those results above other secondary objectives or internal procedures; the determination of those responsible; the procedures for generating information on the results, products and tools of institutional management, as well as accountability" (Ministerio de Economía y Finanzas, Gobierno del Perú 2004: 38). Its main objective is to increase the quality of public resource allocation by financing only cost-effective interventions and by guiding budget decision-making with performance information that would lead to provide better public services.

The core concept refers to public value. That is, "observable and measurable social changes that respond to social needs or demands established through a process of democratic legitimization, and therefore with meaning for citizens" (Marcel et al. 2010: 250-251). These changes are conditions or characteristics attached to a targeted population that the government pursues to achieve. In this sense, results are linked to a policy objective.

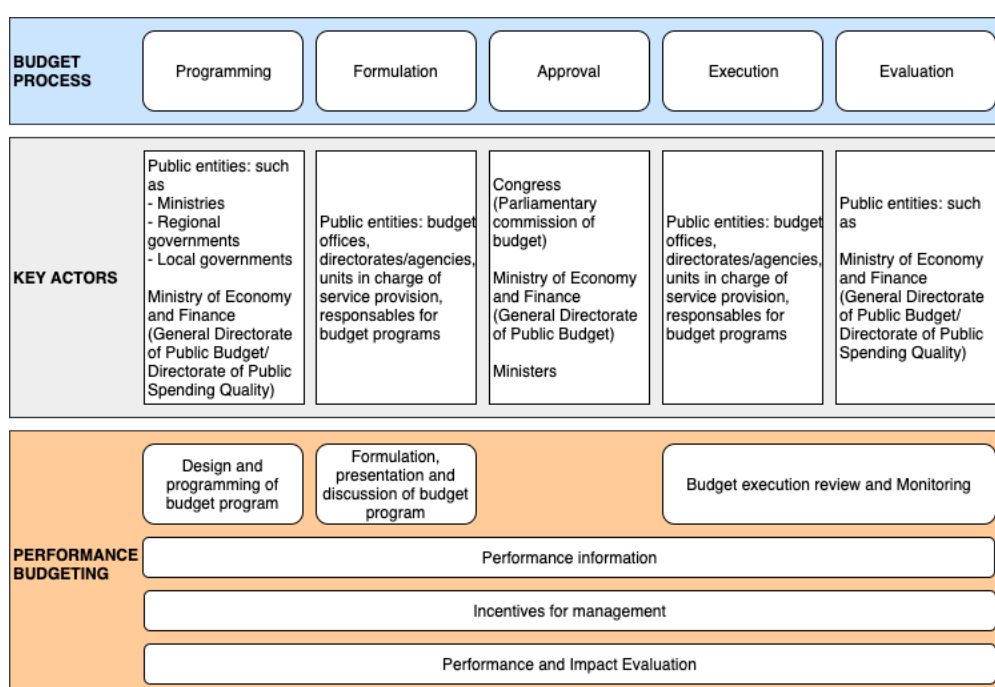
To do this, RBB establishes a relationship between the allocation of resources for public services and the measurable results by guiding the development of the budget with the use of evidence and performance information. That is to take into account the objectives of the policies and programs to decide their level of funding. Not only does it mean that resources are allocated to the most effective programs, but that resources are used for their purpose. RBB instruments seek to position the interests of the population above any individual or

institutional interest in resource allocation decisions. It drives budget decision making based on reliable information regarding the government's actions and their impact on the population. Consequently, the use of measurements to monitor results is a main component of the strategy. Also, RBB suggests a clear separation and definition of roles and development standardized procedures for the delivery of services.

## 4.1 Components of RBB in the budget process

RBB implies the application of principles and techniques to design, execute, monitor and evaluate interventions during the budget cycle (Figure 4.1). These principles and techniques are introduced in the budget process through 4 instruments: budget program, incentives, monitoring and evaluation.

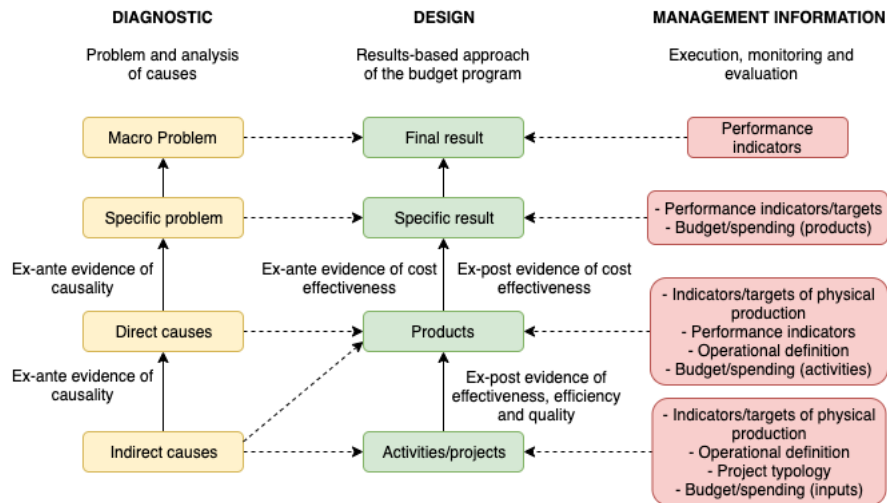
**Figure 4.1** RBB in the budget process



Source: Ministerio de Economía y Finanzas (2016), Ministerio de Salud (2019) and Ministerio de Economía y Finanzas (2011). Author's elaboration

The budget program is the main tool of RBB in Peru. According to MEF, it is the “unit of programming of public entities’ actions” (Ministerio de Economía y Finanzas 2016, no page) that allows decision-making regarding resource allocation by connecting planning and budgeting. It defines the goods and services to be provided (products) by the state to generate a change in the welfare of the population (result). This definition follows a logical sequence of input-product-result based on evidence (Figure 4.2). It details the activities required to provide the products; determines who is responsible for what; and establishes targets related to the result, product or activity to be achieved by public entities and performance indicators to monitor this progress. These targets are translated into financial terms based on the cost of inputs to deliver the products.

**Figure 4.2** Logic of the budget program



Source: Adapted from Carrasco Carrasco (2015)

The design and formulation of a budget program is charged of the entity at the central government responsible for the policy objective pursued by the budget program. In this stage, it coordinates the goals of performance, physical and financial production indicators with the Regional Governments and Local Governments involved in the service provision. All these elements are included in Annexes N° 2 “Minimum Contents of a Budget Program” that the national entity sends to the MEF annually during the formulation of the budget.

In this sense, the budget program has a main role during the programming and formulation stages of the budget process. In the traditional logic, the budget process is done by looking at the inputs without necessarily considering the service that must be delivered to the population. With the budget program, the budget is programmed and formulated by the government considering the expected results by moving the budget towards the financing of interventions that only meet criteria of efficiency and cost-effectiveness. Based on the definition of these interventions, public entities that has a role on the provisioning develop their budget. In the case of the health system, health establishment and the micro-networks defines their budget based on the necessary resources to provide the services. This budget is consolidated by the Health Networks (executing unit) in order to ensure that all activities defined in the budget program are funded. This information is presented to the directorate of health, who requests the budget to the regional government and this to ministry of finance.

The other change introduced by the RBB is during budget approval. Under the traditional approach, budget decisions respond to historical patterns determined at the institutional level and by inputs. With the RBB, the allocation of resources is made based on the costs of inputs required to achieve coverage (goals) of the services defined during the programming and formulation stage. Consequently, it assures that the government executes the spending where is needed.

The second component of RBB is the monitoring. It refers to the continuous process of collecting and analyzing information derived from the measurements created to monitor service provision and the effect of governmental actions on the population. This is the other change introduces in the budget process. In the traditional logic, the evaluation stage focuses on the progress of budget execution. In addition to this, the RBB stresses on the monitoring of inputs and the progress of service goals and the effects generated in the population. To do this, it establishes measurements related to the result, product and activities (Figure 4.2). These measurements are performance indicators, budget execution indicators and physical indicators, which are defined by the central government. It requires a set of instruments and

procedures for collecting, analyzing and using the information in the process of budget and policy decision making. The data is collected by surveys and administrative registers that has to be reported to MEF (Ministerio de Economía y Finanzas 2015). Specifically, during the execution stage of the budget, there is a revision and adjustment of goals as well as a review of budget execution indicators. The latter is monitored biannually and annually as part of the evaluation stage (Ministerio de Economía y Finanzas 2016, no page).

The monitoring system is complementing with the third component of RBB: evaluations. It refers to the production of evidence through two types of evaluations. Impact evaluation generates information regarding the effects of public interventions. Design and budget execution evaluations, called EDEP, analyzes the design, implementation and performance of public services. Both, monitoring and evaluation are the means that incorporates reliable information in the resource allocation decision making, which is the differentiation from traditional budgeting. According to Marcel et al. (2010: 258), performance-driven budget decision making prevents the misallocation of resources on inefficient and ineffective programs because of clientelist or incrementalistic practices. This traditional system leads the increase of resources by the same proportion year by year rather than where it is really needed. Indeed, the shifting of the traditional allocation towards results-oriented approach is one of the attributions attached to the introduction of RBB into the funding system for nutrition policy.

Throughout this process, incentives for management is the other central tool of RBB. According to MEF, the incentives promote “the acceleration towards the achievement of the results by directly linking the allocation of resources with specific management improvements” (Ministerio de Economía y Finanzas n.d.-b). As discussed in section 2.3, the idea is that human behavior is dominated by self-interest that make them to put their own interests ahead others. This is the driver behind the motivation and goals for individuals and organizations within the public sector. Bureaucrats and politicians might tend to misuse their positions and budget to achieve personal goals, such as public reputation or political ambitions, ahead wider interest for the society. The extent this behavior is reinforced by the structure and institutions of the public sector, the risk will be a loss of economic efficiency due to the misallocation of resources that will lead to basic services remaining underfunded, and thus affecting the achievement of results. To avoid such outcome, incentives work as a means to ensure a better alignment between the interest of actors and organizations within the political system and the interest of the population.

In fact, IDB suggests that incentives are core to “create synergy between the interests of public servants and institutions and the interests of the country as expressed through governmental strategic objectives” (Marcel 2010: 258). While, the WB (2003: 180) recommends that the starting place for improving basic services is applying incentives that enhance accountability and raise performance of the public entities. This is the key for spending wisely. The message is that improving public services not necessarily require spending more. The creation of an appropriate public sector and the strengthening of service provision is a matter of incentives. Consequently, the acceleration of development is a matter of incentives and does not necessarily require an increase to the volume of resources.

In Peru, the incentives are implemented through the Incentive program for the Improvement of Municipal Management (PI and Budgetary Support Agreements. Both consist in institutional financial rewards for local governments (provinces and districts) and for entities from the central and regional government, respectively. By conditioning the additional resource allocation to the fulfillment of goals, it is expected to guide people and institutions towards oriented-results behaviors.

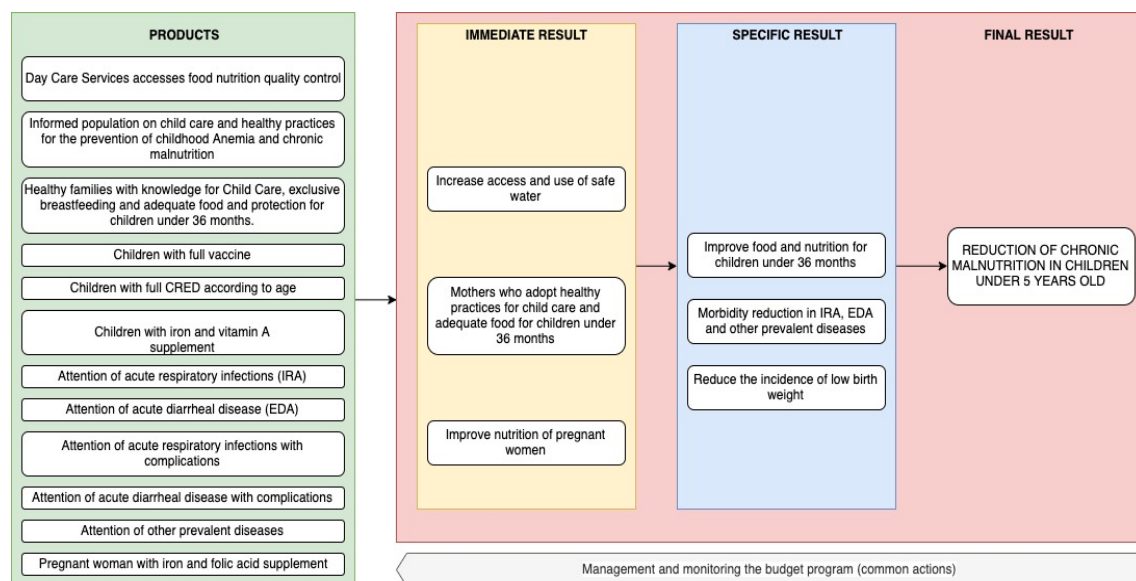
In the case of PI, it is financed through public budget and their goals established by the central government are related to improving tax collection, budget execution, simplification of procedures and child nutrition. Meanwhile, the implementation of budgetary agreements

is through donations. Their goals are related to results or products of the budget program, as well as to execution of management commitments for the provision of public services (Ministerio de Economía y Finanzas n.d.-c).

## 4.2 Articulated Nutrition Budget Program (PAN)

The focus of this research is the budget program “Articulated Nutrition Program, PAN”. Following the RBB framework (Figure 4.4), the result of PAN is to address stunting in children under 5 years old. Its conceptual model is on the basis of UNICEF’s framework for child malnutrition and on a systematic review of evidence regarding cost-effective nutritional interventions. By 2019, the program includes 12 products, where Growth and Development service (CRED) and childhood vaccination are the main interventions since PAN’s implementation in 2008. The former includes counseling, educational sessions and demonstration sessions to promote that mothers adopt healthy practices for childcare (exclusive breastfeeding, hand washing and complementary feeding) and adequate food for children under 36 months. The latter has vaccines against pneumococci and rotavirus as main interventions to prevent diarrhea and pneumonia (Ministerio de Salud 2019: 41-42).

**Figure 4.3** Logic of PAN

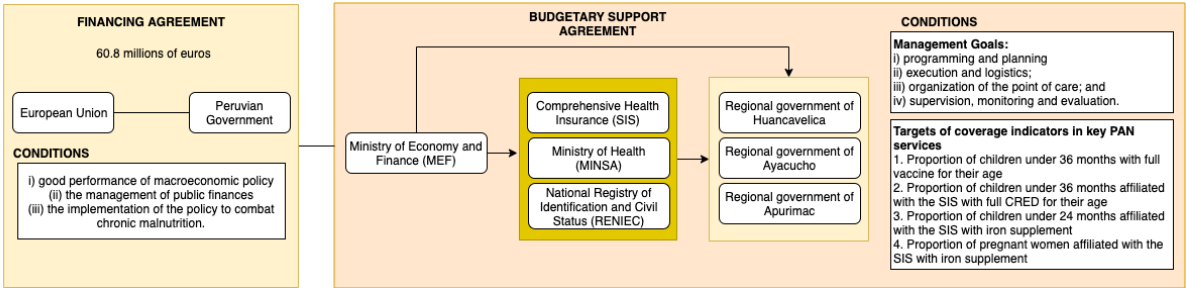


Source: Table 18 of Ministerio de Salud (2019). Author’s elaboration

For PAN, the main incentive mechanism was the Budgetary Support Agreement, Europan. Its implementation took place between November 2009 and June 2014 in three main territories: Huancavelica, Ayacucho and Apurímac. It was a financial incentive donated by the European Commission for achieving goals related to economic policy, fiscal policy and child nutrition policy. The contract had two level of commitments. The first one a between the Peruvian Government and European Commission while the second contractual relationship between MEF and other entities from the central government (SIS, RENIEC and MINSA) and regional governments (Huancavelica, Ayacucho y Apurímac). The figure 4.5 summarizes the logic of the incentive agreement. That is, when these public organizations solve management issues related to service provision, they received a fixed amount. Additionally, it increased proportionally to the improvement of service coverage (Cordero and Salhuana 2015: 44). It is important to note that the Incentive Performance Fund (FED) took

the basis of European. Nowadays it is the current mechanism to achieve objectives regarding the Social Inclusion Policy in charge of MIDIS.

Figure 4.4 EUROPEAN incentive mechanism



Source: Cordero and Salhuana (2015). Author's elaboration



## Chapter 5

# Researching Results-Based Budgeting in Peru

### 5.1 Unpacking the story behind PAN

During the government of President Alan Garcia (2006-2011), poverty and chronic malnutrition, as compared to other presidential periods, were established as political goals. Although chronic malnutrition corresponded to the competence of other sectors, the Ministry of Economy and Finance (MEF) took the initiative given its future implications on the country's productivity. This caused that by 2008, the minister of economy, Carranza, called a group of professionals with experience in the health sector to determine what the country should do to tackle chronic malnutrition, but not necessarily to implement Results-Based budgeting, as narrated by a key interviewee.

*"You were putting everything together, but the initial motivation was not: ah, let's have a tool to implement and take any results to see what works... It was a matter of investing in childhood, aligning the budget and breaking the inertial characteristic of the budget [referring to allocations based on past years]. That was what ended up being called RBB"*

Through the review of international evidence, the technical group identified 24 interventions, of which two were recommended: CRED and vaccines. But they were not new services. These had been historically implemented by the state. However, compared to food programs, these services were non-existent in terms of funding and so too resources. The budget allocated to them was very little. As affirmed by the same interviewee, what to do in terms of interventions was not the problem – that was always clear. The problem was a matter of budget. These services are characterized by being labour intensive, meaning that a greater quantity of health professionals (basically nurses) is required to make them to work. Consequently, a significant increase of funding in human resources category was needed to implement them. This generated tension inside of MEF because the increase in budget for human resources represented a risk to its fiscal interests. Its concern was that this increase could become a permanent expense, which would be unsustainable and difficult to cut in the face of economic crises. However, after discussing its implications, MEF concluded that the increase in resources did not mean a risk to the economy; on one hand, the budget increase was not significant in the scale of the total public budget and on the other, the technical group solved the concern of having a permanent future expense by using the category of CAS, which was and is the modality of temporary contracts. To make all these changes in the budget, such as the restructuring of the functional-programmatic classifier and the modification of rules for the allocation of resources, MEF called the RBB article included in the budget law, which was approved by the congress the previous year<sup>4</sup>. In this way, the budget for CRED and vaccines was drastically increased, not only to acquire new vaccines (against pneumococci and rotavirus) but specially to hire more human resources.

*"It was never that we were doing RBB. Then, it was more our justification because there was an article in the budget law that said RBB. Well, we must say that this is what we are doing"*

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<sup>4</sup> The interviewee referred to the chapter IV "Implementation of results-based budgeting" of the budget law for the fiscal year 2007, promulgated by President Garcia in November 2006. It included 6 articles, from article 10 to 16.

To see if the objectives were being achieved, it was necessary to make more frequent measurements of the implementation of the services, says one key interviewee. It meant that Demographic and Family Health Survey (ENDES)<sup>5</sup> could not continue as it was, which was conducted every five years and dependent on donations. Instead, it required annual financing with public resources. Allocating an annual budget for ENDES was the second decision made by MEF.

After six months of implementation, in August 2009 the first evaluation showed that there were no improvements or changes in the indicators. The problem was that MEF had allocated resources without knowing how services worked at the subnational level. The interviewee noted: *“when you go to the field you find a lot of things not seen before”*. When the technical team visited the subnational governments, they realized that subnational governments did not know how many health facilities exactly existed in their territory, nor the population they attended, nor what they needed to vaccinate. For example, they had vaccines, but without a cooling chain and without knowing if they were active; the cooling chain was working inefficiently by using domestic refrigerators; the budget had been executed to buy goods and services not related to the nutrition interventions; there were health establishments that needed resources, but were not receiving them. *“So here, it is not a matter of allocating more money, but it is a matter of the interventions’ implementation”*.

Reliable and accurate information on the needs of health facilities was required to improve implementation. It meant having instruments such as the individualized registry of the users<sup>6</sup> as well as the use of the Integrated Administrative Management System (SIGA)<sup>7</sup> to register all information on the health establishments. This involved additional budget conditioned on the implementation of these instruments by subnational governments in order to know what health establishment needed. The decision to increase the budget was again approved. *“In the case of vaccines, [MEF] multiplied the budget by 2.5 and for CRED by 4.5”* but knowing how much money each health establishment needed. Indeed, results in terms of services’ coverage started appearing in 2010, the interviewee noted.

*“When you rebuild everything, you have the five elements of RBB [results-based budgeting] ... results chain, product, production line, monitoring and evaluation: ah well it is RBB! I just found out what RBB is! [laughing] ... and of course everyone sold it as RBB. This is how it is sold as RBB”*

PAN has been celebrated as the example of good practices in RBB worldwide. Underlying this discourse are claims that represent Peru as an example of governments improving basic services without necessarily spending more or resorting to spending cuts. This experience has served to support those who deny the importance of resources in improving services, and who advocate that better services is a matter of how government uses budget by simplifying this problem into a matter of incentives. In contrast, from my interpretation of the story above, resources mattered to provide better CRED and vaccines services. Through this research, I argue that rather than RBB, resources and so, funding was important to provide better services. In fact, the role that RBB played in nutrition services is not clear or almost

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<sup>5</sup> ENDES is the national survey, carried out annually since 2008 with two reports per year. It is managed by the National Institute of Statistics and Information (INEI). It has been used to estimate the coverage indicators of CRED, vaccines, SIS Affiliation, iron and multimicronutrients supplementation.

<sup>6</sup> Padron Nominado, in Spanish, is a database that stores individualized information of children under 5 years old. It is part of the. It is managed by the Ministry of Health (MINSA)

<sup>7</sup> SIGA is an electronic administrative record, which stores information on programming operations, budget execution, acquisition and asset control. It includes information on purchase or service orders, entry and exits warehouse, inventories and asset control. The system operates at the Executing Unit level and consists of three modules: results-based budgeting programming, logistics and asset control. It is managed by MEF.

diffuse because findings indicate that RBB implementation has been nil or very limited in resource allocation decisions. I focus on CRED and vaccines programs because they were the relevant services in PAN.

*“My goal was not doing RBB; my goal was to reduce chronic malnutrition. And I thought that finance [referring to MEF] had a role there. Because if it [MEF] resets the budget allocation rules, it could better align spending for vaccines and CRED. And that's it. It was done only for vaccine and CRED”*

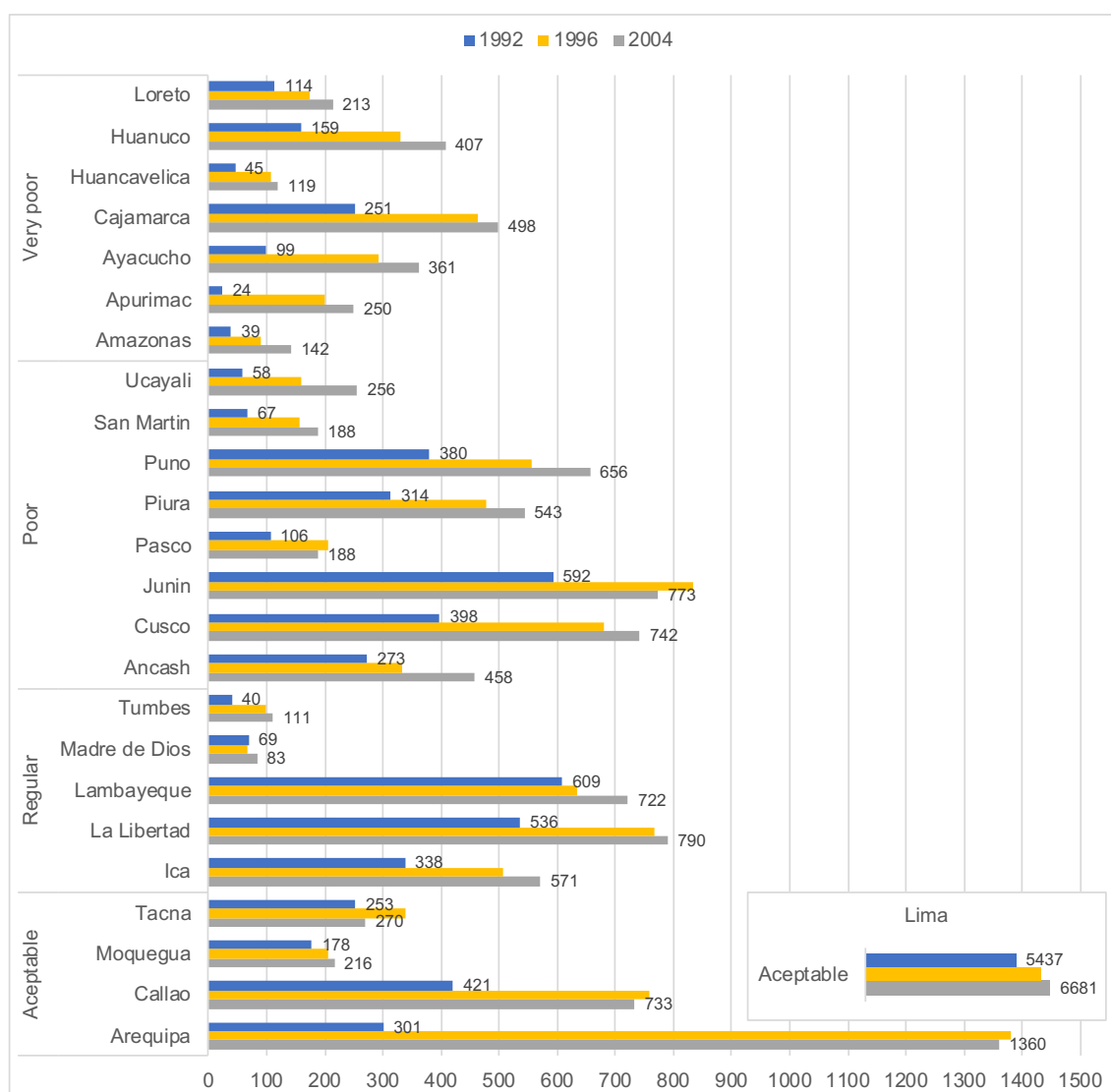
## 5.2 Exploring the origins of PAN

Vaccines and CRED are the main services of PAN and historically provided by the government. Behind their poor performance, there was a lack of resources expressed in their irrelevant importance in the public budget compared to other programs, such as food programs and cash transfer program. Specifically, according to the interviewees from the subnational government, the deficient performance to achieve child nutrition outcomes was due to the lack of health equipment, infrastructure and health professionals. An interviewee pointed out: *“When we [Regional health department] arrived, for example, to intervene the establishments we found only the sanitary technicians. There were no nurses... We didn't have the basic equipment”*. In general, the availability of nurses was deficient across the country, but specially prioritized regions by PAN had a more critical situation. Figure 5.1 presents the nurses available per region prior PAN's implementation. For example, in 1992, Huancavelica had 45 nurses, reaching to 119 nurses in 2004. In the case of Ayacucho and Apurimac this number raised from 99 to 361 from 24 to 250, respectively. Financially, they were unfunded services. For instance, while in 2000, the total budget allocated for the immunization strategy was \$4,5 millions in Peru and by 2008 reached \$60.7 millions (Mendoza 2012)<sup>8</sup>. Evidently, with this quantity of resources available it was impossible to implement the services in the health establishments even when they were the most effective.

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<sup>8</sup> Before 2012 it is not possible to track the budget for CRED and vaccines in the online platform of budget (SIAF-consulta amigable) and the public information is limited before 2008. Access to the raw data base is required in order to analyze the codes and calculate the amount. The information is extracted from the Pan American Health Organization (PAHO) document repository, which was carried out within the framework of the event: Lessons learned with the introduction of the pneumococcal conjugate vaccine (PCV) in the Region of the Americas.

**Figure 5.1 Nurses available per region, 1992, 1996, 2004**



Source: Ministerio de Salud, IDREH, Observatorio Nacional de Recursos Humanos en Salud (2005) and INEI-Sirtod. Author's elaboration.

*"When you see the budget for CRED in 2008, there were six million for the whole country. That is not enough for anything. It is impossible. That is unfeasible. The vaccine budget was 70 million soles for all vaccines in the country. The budget for "Juntos" exceeded 700 million soles. Juntos supposedly conditioned the mother to take her child to health centers in order to get vaccine and CRED services, but there was no one"... "But that was the contrast between Juntos, which has a lot of political capital and two services [CRED and vaccine] that do not even have the support of their own sector [MINSA]. Especially CRED, vaccines still, but CRED is very orphaned. It was an almost non-existent service. The person in charge of CRED at the Ministry was in fact only one professional. One for the entire ministry. For vaccines, there was about 15 people. That was the dramatic difference. There is an intervention that is good, it works, but in the sector, it does not have an organizational expression, it does not have a team"*

At the same time interviewees at the national level highlighted that the way in which the government spent the budget to reverse stunting in children for many years worked against solving this problem. An interviewee highlighted: *"Many times, some politician said: This is what is important, you have to allocate [budget] it. For many years, it has been like this. The problem of malnutrition has been seen as a lack of food. But you say [reflecting about themselves]: Since many years it was known that not only that is the problem".* Despite there were other alternatives, the government allocated

greater amount of funding for feeding programs. But with the introduction of RBB, the allocation moves towards proven and cost-effective interventions. Here, the use of evidence in developing budget was considered as a fundamental. Specifically, RBB is aimed at increasing the allocative efficiency in spending. It means to “prioritize among alternative expenditure items based on evidence and assign expenditure to programs with higher rates of return” (Izquierdo et al. 2018: 50). In the core of RBB is the concept of efficiency. That is to “maximize products, such as the volume of services provided; minimize inputs, such as the amount of resources, time or capital required to produce those services, and maintain or improve quality” (2018: 50). However, how to spend the budget in the context of public sector works different. While it is true that evidence can inform decisions toward better alternatives, the allocation of resources between options is a complex process in the public sector.

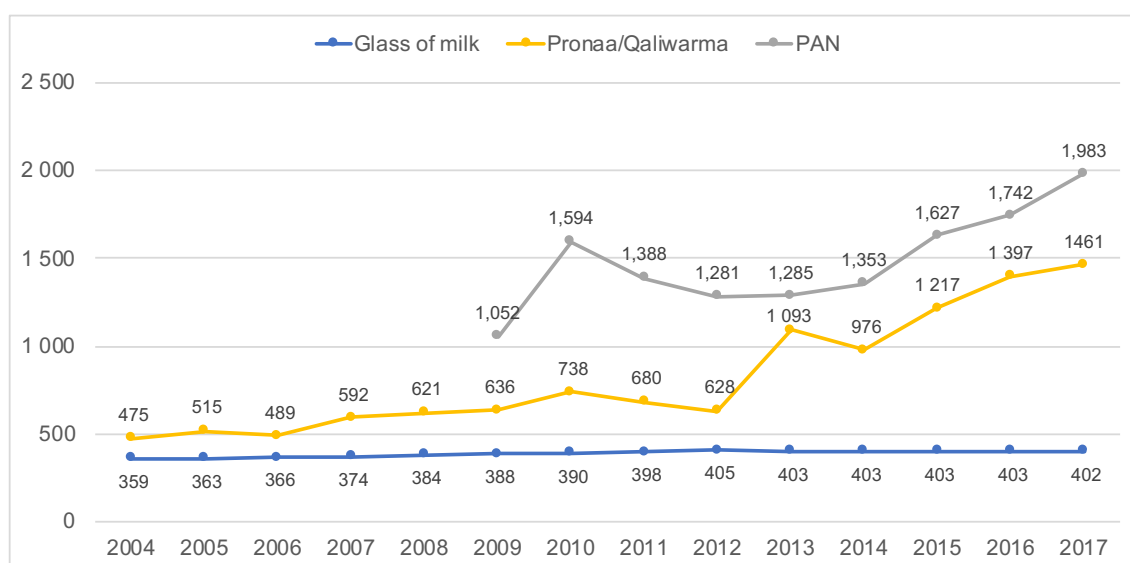
In Peru, the glass of milk – one of the oldest food programs – since its implementation, has been characterized by a deficient performance due to filtration problems, corruption and inefficient design; generally used for political purposes. It fails to meet nutritional outcomes because the rations do not have the minimum caloric requirements to raise nutritional level (Alcázar 2016: 272-273). Despite its inefficiencies, the “glass of milk” has continued over time to receive significant amounts of resources with slight increases in 2008 and 2010 (Figure 5.2). Similarity, school feeding programs, which under the administration of Pronaa<sup>9</sup> before 2012, had inefficiency problems because of filtration, duplication of beneficiaries with other programs and subcoverage (2016: 276-278). With the creation of MIDIS in 2012, the National School Feeding Program “Qali Warma” replaced Pronaa in order to reform these programs under the logic of RBB<sup>10</sup>. And with this, spending sharply increased. The government went from spending less than 700 million before 2012 to 1.093 billion in 2013, maintaining the tendency for following years. With the increase in funding, changes started to appear: better design of rations, better coverage and distribution process but it still required an improvement in design, food storage and preparation, and to reach the rural and remote areas efficiently and effectively with the right ration (2016: 279-281). To reduce gaps, Alcazar affirms resource allocation is required. In other words, reversing inefficiencies is in line with resources available.

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<sup>9</sup> In 1992, Fujimori’s government created the National Food Assistance Program (PRONAA). It managed food programs: 1) PACFO, later called comprehensive nutrition program (PIN); 2) school breakfasts, then called preschool and school PIN and 3) comedores populares. In 2012, MIDIS assumed the rectory of food supplementation programs. With the creation of the National School Feeding Program “Qali Warma”, MIDIS is in charge of the school feeding services that were part of PIN-PRONAA (Alcazar 2016 and Valenzuela 2013)

<sup>10</sup> Qali Warma was created by the government of Ollanta Humala (2011-2016). It is the budget program 0115.

**Figure 5.2** Financial resources for Glass of milk, Pronaa/Qaliwarma and PAN, 2004-2017 (millions of soles)



Source: MEF. Author's elaboration

Note: Food programs includes Pronaa budget between 2004-2012, since 2013, it corresponds to "Qali Warma"

Those who are against additional funding and state that "improving services not necessarily implies spending more", argue that it is a matter how government uses the money. In line with RBB, governments do not spend smartly by making inappropriate decisions in allocating resources to services that do not have a high rate of return. With the same or less amount if government uses the additional budget where it is most useful. By using evidence and setting up performance targets for making decisions about spending, RBB's advocates claims that governments can have a more efficient spending and so too better services. However, it ignores the context where decisions are made. Underlying that idea not only is to deny the importance of resources in improving services but also to reduce the complexity of how the government works. While the evidence may inform a better decision process, where and how to use the money is a political decision in the public sector that is not necessarily in line with efficiency gains.

For instance, despite the profound deficiencies of glass of milk reported by studies, "the authorities have not achieved, or have lacked the will or political capacity, to eliminate or reform them" (Alcázar 2016: 275). An interviewee reflected from their experience in PAN: *"Can you cut glass of milk? it does not have evidence, but it has a political capital"*. Despite Qali Warma being the most denounced program during Humala's government because of the poor state of the breakfasts provided and the deficient storage and preparation process<sup>11</sup>, it had the greatest budget allocation among social programs. Other interviewee said: *"The other lesson we learned: when a public intervention [referring to food programs] is already assembled, it is very difficult to disassemble it, because there are people, salaries, etc. You can no longer disassemble it easily"*.

In the case of CRED and vaccines, their poor performances were in line with the little importance they represented in political decisions. In 2006, the financial equilibrium law declared the allocation of budget for child health as a priority in a "proportion no less than thirty percent (30%)" for the budget extensions. However, it did not have any effect since it was suspended in the following three supplementary credit laws. Boggio, as quoted by

<sup>11</sup> <https://gestion.pe/economia/qali-warma-programa-mayor-presupuesto-denunciado-gobierno-humala-110241-noticia/>

Arambulo Quiroz (2013: 110), remarked that having this mandatory rule was not enough. It did not materialize into an effective allocation. This was the “trap” of the Financial Equilibrium Law as called by Arambulo. This context was redefined as a result of the political commitment assumed by President Garcia during the presidential elections, who committed to reduce stunting by 5 percentage points in the five years of his government (2013: 114). An interviewee who held a political position noted: *“When you set a political goal, you will be criticized if you fail to meet it. Therefore, there is a lot of pressure for the central government. Consequently, they want to know what works because they want to meet the goal”*.

Behind this, there is a complex process of conflicts and interests. MEF privileges the fiscal goals aimed to keep a low fiscal deficit through spending rules limiting the composition and amount of public spending. In PAN, the difficulty was not to increase the budget, but to increase the funding in budget category of human resources because *“what scares a finance minister is that the hiring becomes...a permanent expense, a permanent obligation and that creates a lot of tension. Then, they [MEF] prefer expenses that are not permanent because they can be cut tomorrow”*. As a consequence, this position meant that this critical input cannot be acquired despite having the resources available. At the same time, the entities responsible for the expenditure demands more budget, whose interests in general are in line with the political context settled by the regional authority or by the minister of the sector and mainly by the president of the country. It results in the use of the budget based on the electoral process and to accumulate political capital. In this case, the government had the pressure to fulfill the political promise of president Garcia.

Following the public choice theory, the self-interest of the politicians and bureaucrats is the cause of the misuse of positions and resources. To correct this misbehavior, RBB uses incentives, outcome measures, performance targets and so on. According to Salhuana (2008), this misalignment results in the allocation of resources being guided by the bureaucratic organizations’ goals rather than population’s interests. This led to the allocation of funding under historical and institutional approach, which in turn made public services inefficient. In this context, RBB is presented as the means to influence government’s behavior by using the budget as an incentive to align the interests of public sector actors and organizations with the interests of the population. The purpose of RBB was to break the historical and institutional approach of the traditional budget making. This change was labeled as “a new profile of public spending” (Ministerio de Economía y Finanzas 2008: 4).

Before RBB, budget decisions responded to a historical pattern determined by the institutional level and by inputs. In other words, the budget was allocated among public entities in the same proportions based on the previous year budget. With the new budget approach, improving the efficiency and effectiveness of public spending involved using evidence and defining performance targets in the budget allocation. However, interviewees concluded that these decisions are still made based on historical allocation and political priorities, and not based on expected targets.

They pointed out that the use of targets and performance indicators for budget preparation is useless because they are disregarded during the allocation process. Consequently, the allocation of funding is not in line with the results to be achieved by the services. It generates dissatisfaction among the implementers at the subnational level because the needs of services are not considered in the decision making, and they affirmed that it produces difficulties in carrying out their activities. This is consistent with the findings of studies conducted in Pasco, Ucayali, San Martin and Huancavelica. In Pasco and Ucayali, the evaluation of CRED service for the period 2009-2014 highlighted that the gap between the amounts programmed by the region and the amounts allocated by MEF to the region causes frustration amongst the Health Directorates, which consider that budgetary programming following the results-based approach as a formal act, because what is finally assigned corresponds to the historical allocation (Castillo, Zúñiga and Ministerio de Salud 2015: 73). A study in San Martin and Ucayali

for 2009-2012, concluded that the allocation process is the critical node for financing services aimed at improving child nutrition because the amounts are defined by the central level (MEF) based on the historical trends, ignoring the health results to be achieved. The same behavior is reproduced from the subnational government to the lower levels of the health system. Those responsible for spending in the region allocate resources to service providers based on discretionary criteria rather than goals (USAID, Anonymous 2014: 36-39).

In this respect, even when the monitoring and evaluation instrument of RBB has generated abundant and reliable information at the level of results, products and activities, interviewees stated that this information has the purpose of reporting on the progress, but not for budget-making. For example, they pointed out that the observations that result from the analysis of the follow-up to the expense (verification of the allocation according to the needs of the services) are given only as recommendations. A limitation is the weak control mechanisms and sanctions, but mainly the incorporation of this information depends on the involvement of the decision makers in the management of the services. In other words, of those at the table.

Indeed, breaking this historic allocation for CRED and vaccine services was “complex”. An interviewee described that this “requires a technical side” to structure the expenditure in a way that does not go against fiscal objectives, “but also requires a political will from the Minister of Finance. In this case, there was a minister with a lot of political power”. He had political and technical support (evidence) to sit down with the ministers and tell the minister of health for instance: “Excuse me. This budget that you had for this entity called the National Institute of Health will not be 100, it will be 80, 20 will go here [CRED and vaccines]”. But, rather than RBB, changes would not have made without the political goal declared by Garcia in 2006, otherwise these services would have continued being irrelevant in the budget. At the end, an interviewee stated:

*“in the budget, everything goes through priority decisions. If that was a priority, it was really giving that priority by assigning that additional resource.... First of all, it was the decision of the country. A very strong political decision ... changes in the structure of the budget did not depend on a project or anything”.*

Appendix 4 compares the speeches of the presidents to the speeches of the prime ministers and to the explanatory statement of Budget Law Project of the public sector. The allocation of resources for PAN is in line with the political statements of the president and the prime minister. In years (2007-2011) where both actors declared a concrete goal in their speeches, PAN had greater priority in the budget and so too more resources available to implement the services. However, before 2006 when services had poor performance and after 2011 when they experienced difficulties in their performance, the political interest was less and had lost visibility in the budget. As I see it, rather than making decisions about spending being guided by RBB, these choices were driven by the political pressure to meet the commitment assumed by the president and prime minister in 2006.



### 5.3 Exploring the performance of PAN

Following RBB rationality, conditioning the additional budget allocation to performance indicators and targets is considered a fundamental element to improve government management towards efficiency, effectiveness and the achievement of results. Here, incentive-driven mechanisms are one of the tools that facilitate the operation of a scheme towards results. According to the García Lopez et al. (2010: 39,46), incentives - monetary or non-monetary - allow aligning the interests of individuals and institutions and the interests of the country (strategic government objectives), creating a “culture based on obtaining results”. However, the interviewees suggested that RBB’s instruments are not enough or limited to improve performance. It is not a matter of conditioning the budget to the fulfilment of goals, it is about providing sufficient resources to assure and sustain the performance. In other words, resources matter.

Returning to PAN’s story, after six months that the government decided to increase resources for CRED and vaccines, performance indicators remained at the same level, despite the international evidence demonstrating the effectiveness of the vaccines.

*“Firstly, I know that vaccines are effective. What I don't know is how well or how badly they are implemented...that is the story of [iron] supplements. It happened to me before with vaccines ... full operational research. You found that the temperature fails, that the cooling chain fails, that the scales fail, that the height meters fail. You found all of this. And you said: no no no, we are going to build height meters in this way, scales like this ... We are going to put a chip in each thermal box to know the temperature of the chain and if the chip and the temperature fails, money is not given. Pure operational research that you have to do in 3, 4 or 5 months. And that ensures a better implementation, a more efficient implementation than before”*

*“What is the problem? there is no territorial management there, it is only the payment of a service. It is almost to hire community agents to make visits. [To do it] targets are set up: numbers of visits according the register of children. It has already been seen that there are problems to implement this policy because for that to work there must be an organization in the community and you have to put someone and resources to help those communities to fulfill that task. And since that does not exist, they [MEF] are having problems in the implementation of that policy now. Then, it is necessary to develop a territorial management model with resources, with responsibilities and with a technical component, someone who provides technical assistance and someone who is responsible for administering volunteering and community participation”*

From the quotes above, improving services is not only about how much money neither incentives or targets. What ensures a better allocation of resources is to know how services are implemented. And this requires time and budget to assure that services have sufficient resources to reach their outcomes and sustained them through the time. Behind this process, there is a close relationship between those who make the policy and those who implement it, that is translated in financial and management support from the central government to the subnational governments.

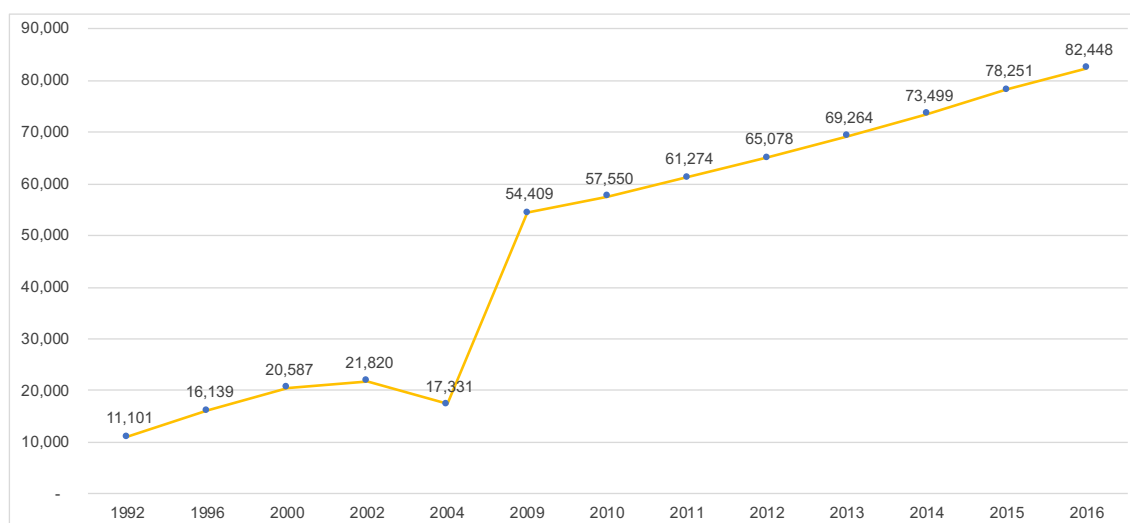
*“I give money, I help you, I give you training, I give you technical assistance, I tell you a critical route that you have to follow, which is to vaccinate. and then you say: But that's not enough, you have to educate the mother ... how much does that cost? We must increase staff, nurses associated with the objective, more budget to hire more”*

Indeed, during the period 2009-2011 where stunning results were achieved it was in line with the infuse of substantial budget and the strong support from the central level to implement CRED and vaccines services, especially in the regions with higher inequalities. According to interviewees, it not only involved concentrating non-executed budget by other public entities but also injecting new budget. In terms of human resources, the number of nurses

increased significantly from 17,331 in 2004 to 54,409 in 2009 and continue growing positively in the following years (Figure 5.3). Among regions, it increased in more than double, specially within the poorest regions (Appendix 5). To compare this magnitude between regions, Figure 5.4 presents the nurse rate per each 10,000 inhabitants. Between 1996 and 2004 the rate remained almost the same but with the increase of funding in 2009, it raised sharply. For instance, Huancavelica had 2.5 nurses per 10,000 people, increasing to 12.8 in 2009. In Ayacucho, nurse rate raised from 5.3 to 16.2, from having 361 nurses, it passed to have 1040 nurses in 2009. In terms of physical resources, the introduction of the new vaccines required 500% more space than traditional vaccines as well as improving cooling chain. And that means money. For example, the cost to storage 4100 doses of traditional vaccines was \$635.5. With the new vaccines, it increased to \$4,687.5 for 625 doses (Velásquez Castillo, Nosiglia Díaz and Flores Reyes 2011: 112). In short, it would not have been possible to improve vaccine service without additional budget. Although it was not possible to access to the register of physical items, the budget can give an idea of its magnitude. From having \$4.5 million to distribute between syringes, vaccines, cooling chain, maintenance and human resources, it increased to \$177 millions for syringes, vaccines, cooling chain and \$74.8 million to finance operational costs and human resources in 2012 (Mendoza 2012).

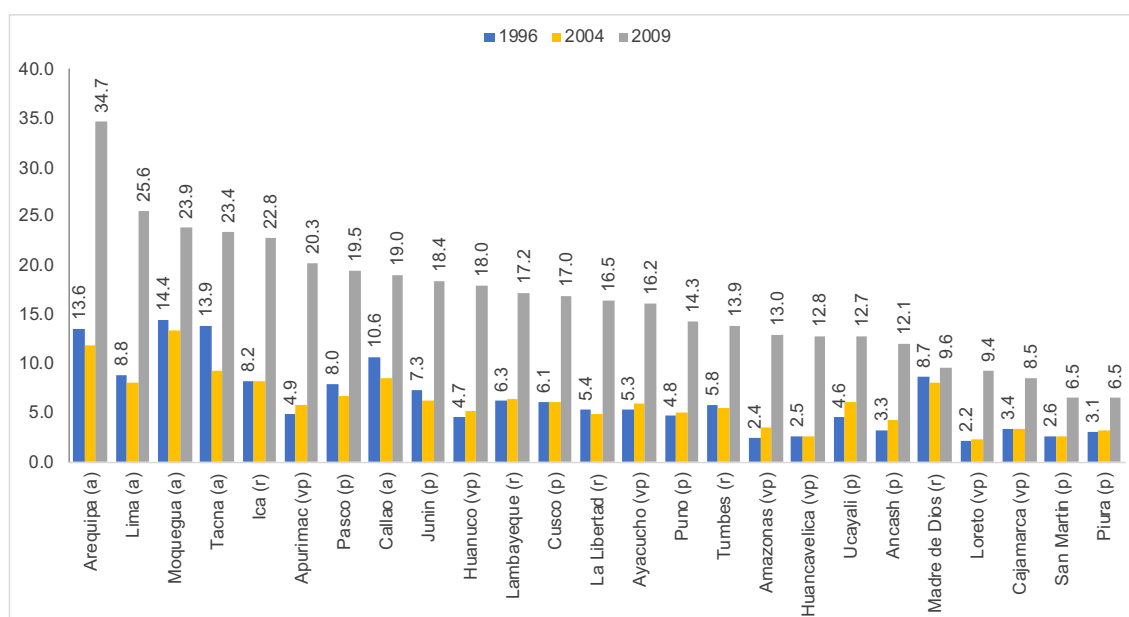
*“First, because we started to implement with equipment ... materials and human resources. We hire human resources at the network level, almost 500 people or more. We started equipping the health centers with cooling chain equipment ... growth and development teams ... everything ... laboratory. We implement everything...materials ... supplies. As a result [referring to the allocation of financial resources], we implement several processes” (manager level).*

**Figure 5.3** Evolution of the number of nurses, 1992-2016



Source: Ministerio de Salud, IDREH, Observatorio Nacional de Recursos Humanos en Salud (2005: 53) for years 1992 and 1996 and INEI-Sirtod. Author's elaboration

**Figure 5.4** Nurses rate per each 10,000 inhabitants, 1996, 2004, 2009



Source: Ministerio de Salud, IDREH, Observatorio Nacional de Recursos Humanos en Salud (2005: 53) for year 1996 and INEI-Sirtod for 2004, 2009 and population data. Author's elaboration

Note: a=acceptable (richest regions); r=regular; p=poor and vp=very poor. Classification taken according country report.

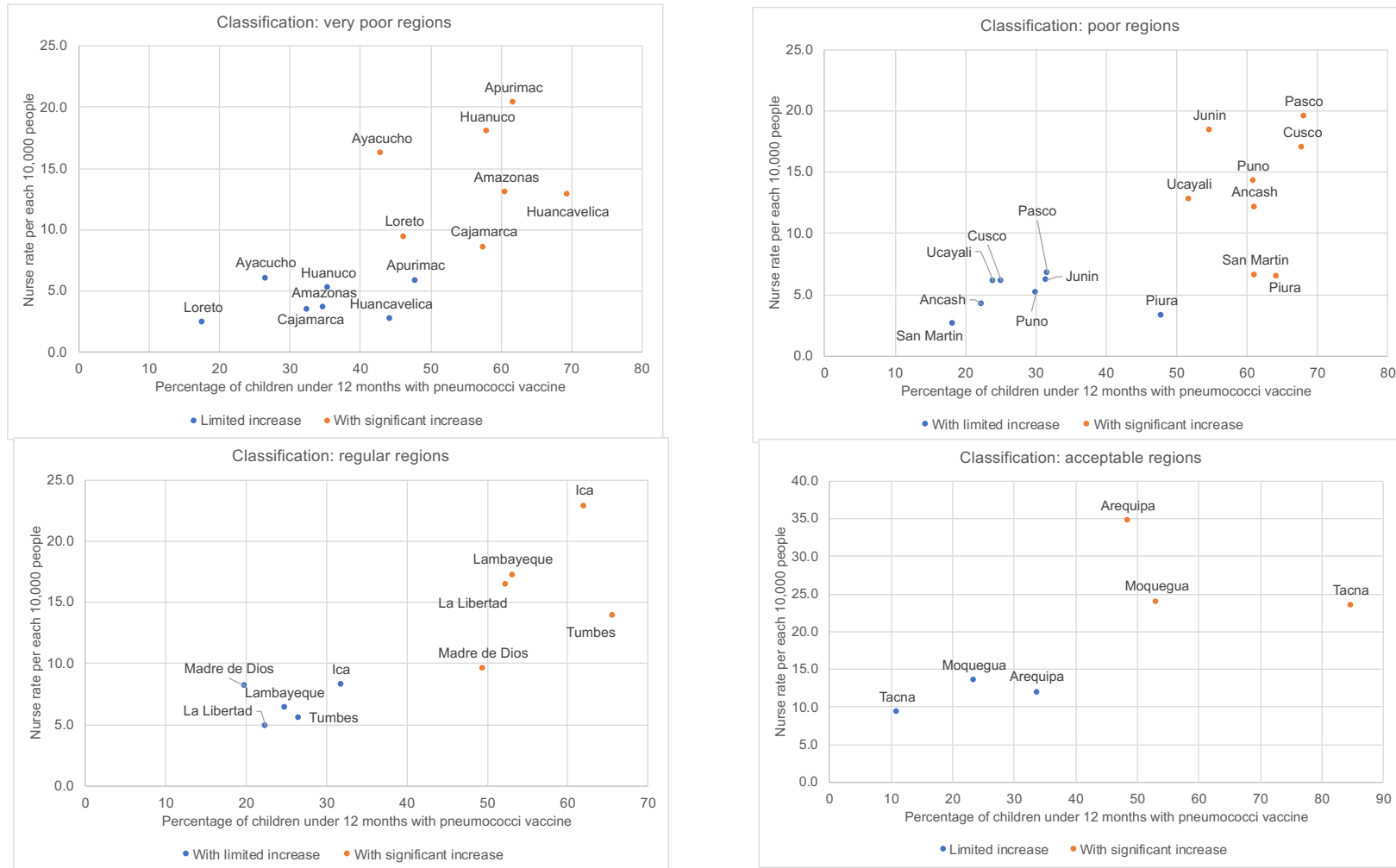
As a result of the increase of funding and so too quantity of human resources and physical resources, and the close work between the different level of government, the improvements in management and coverage of the service were evident. Table 5.1 shows a clearly progress in the indicators related to cooling chain, logistic and laboratory of vaccines. Figure 5.5 presents the relationship between nurse rate per each 10,000 and the percentage of children under 12 months with pneumococcal vaccines. It is clear that the improvement in coverage is in line with the funding and thus with the increase in human resources available among regions. With limited resources, regions reached low coverage (left side of the graph). With the significant increase, they moved to the right side of the graph reaching higher percentage of coverage.

**Table 5.1** Improvement in the production capability of vaccine services

Component	Indicators	Reported figure			
		2007	2008	2009	2010
Cooling chain	Percentage of health establishments with sufficient cooling chain equipment according to standard	-	-	77.10%	80.60%
	Cold room installed and operating in the regions	1	1	3	11
Logistic	Percentage of health establishments with sufficient and timely supply of vaccines	-	-	66.90%	73.30%
Laboratory	Percentage of suitable samples	65	73	59	89

Source: Velásquez Castillo, Nosiglia Díaz and Flores Reyes (2011). Author's elaboration

**Figure 5.5** Relationship between nurse rate and pneumococci coverage



Source: INEI-Sirtod. Author's elaboration

From the implementers' standpoint, progress is made depending on the extent of the relationship with the higher levels of the government, such as the central level or regional government headquarters; whether the relationship is closer or more distant has a clear impact on the financial choices for the services. When decision makers are involved in the management of services, resource allocation decisions tend to consider the needs of the services. Then, expected targets play a greater role in the process. Therefore, services tend to work better. An interviewee noted:

*"If there are good or bad performances in the [health] networks, it depends on the heads. We have had directors greatly involved, who have even worked with local governments, who have worked hand in hand, directors who went to their establishments to verify, monitor"*

On the contrary, the less involved or further this relationship is, discretionary criteria tend to be ahead of the needs of the services in the resource allocation decisions. Consequently, these decisions are expected: *there are regions that the manager has said: "cut 5% of all sectors". It doesn't matter if the priority is health.*" Thus, services have greater difficulties in reaching their goals. This relationship between the managers and service providers, described by the interviewees at the subnational government, can be also seen between the central government and subnational government in the case of PAN. Once the central level began to be involved in the management of services through accompaniment, monitoring, budgetary support, etc., the services worked better. In fact, it was when services and outcomes showed greater performance (2009-2011). For instance, the central government allocated a SIGA system implementer to each unit responsible for spending at the subnational level during 5 to 6 months. It also hired results-based budget coordinators for each prioritized region. Monitoring was carried out almost daily, resulting in monthly or biweekly meetings between representatives of the central government and regional government authorities to verify that the inputs were being allocated to health facilities. But once the policymakers took a distant position from the policy management, services tended to present greater difficulties in improving and sustaining their performance. When this happens, it is expected to hear MEF saying *"implementation is a matter of the sector, of regional governments"*, or it is to expect that the ministry of health and regional decision makers demand service providers to achieve targets without considering the problems implementers face. These behaviours can be exacerbated by RBB by shifting policy makers' view away from the process towards final results. For example, interviewees explained that decision makers (ministries of health, health network, regional government) tend to focus on the ultimate goal: reaching coverage, number of vaccinated children, and do not pay attention on how resources are used, whether or not they are being executed in the corresponding way (the quality of the expense) to achieve the objective.

The following table compares three fragments of interviews that express the relationship between policy making and policy implementation over time, that is in line with the political commitment of the president and prime minister in Appendix 4 and the budgetary choices made for PAN.

**Table 5.2 Relationship between policy making and policy implementation**

Before 2009	2009-2011	After 2011
"Historically, budget was allocated to all regions in all sectors. [MEF] said: take your 50 million and do what you can. Each [region] executed strategies to tackle malnutrition in its own way. They did what considered was convenient"	"Before, we advanced...they allocated budget...strategies were implemented ... the work logic of programming improved and advanced, because there was a teamwork. Technical assistance came from the central level and regional headquarter. They helped us to better direct our spending, execution but now we don't have it. For example, we had an assistant in SIGA who supported our programming theme. They trained us. Now we are alone but they ask for results. A little of that has been lost"	"I think MEF go back to be very fiscal ... No, no, the expert is MINSA. The problem belongs to the sector, to the regional government. They decide what they do. And It has less attention to see this [service management]"
<p>"Previously there were many deficiencies in all the interventions because...of human resources"</p> <p>"That was the dramatic difference. There is an intervention that is good, it works, but in the sector, it does not have an organizational expression, it does not have a team"</p>	<p>"Since 2007, 2008 when RBB begins, the budget is allocated in line with the regions' reality. And from there, the regions also, with that budget begin, to hire more staff"</p> <p>"a SIGA implementer was assigned to each executor. Easily, we have [MEF] hired 50 SIGA implementers that stayed about 5 to 6 months in each region. Indeed, we assigned a RBB coordinator to each region. He was almost sitting next to the regional government, practically with an office next to the manager"</p>	"At one time you had the SIGA almost watching every day, all week. Suddenly the SIGA almost begins to be relative. It is information that no longer circulates because for MEF means to get into the detail of the microeconomics of each public entity. And that is not the role of MEF"

Source: Interviews

RBB sees this relationship as a matter of incentives by attributing service failures to the misalignment of interests between individuals and organizations in the public sector. The extent of this misalignment is exacerbated by incomplete information to monitor and control this relationship, which can increase the risk of resources being misallocated. In this line, European – monetary institutional incentive of PAN (see Chapter 4) - focused on increasing the operational capacity of health facilities attributing its failure because there are different interests among those responsible for spending, service providers and policy makers. This misalignment between interests and policy objectives distorts budget execution and affects the acquisition of inputs necessary for the provision of services. In addition, it focused on identify failures in the of data regarding users, health facilities, supplies and service costs because inaccurate data, or the partial or complete absence intensifies three common behaviours of the public sector: 1) programming, allocation and execution of the budget that is not according to the needs of the services; 2) acquisition of excessive or insufficient quantities of inputs and 3) the inputs acquired do not correspond to the list of inputs required by health facilities to provide prioritized services (Cordero et al. 2015 :38-42).

Positive results were reported in the European evaluation report both in coverage and service management goals. More specifically, it suggested that the incentives played a role in improving the availability of nurses in European regions (Huancavelica, Ayacucho and Apurimac) between 2008 and 2012 as well as it recommend that a deeper analysis might be very revealing regarding the role of an incentive scheme, such as European, in the retention of staff in rural or higher poverty areas (2015: 78-79). This is contradictory with what was expressed by interviewees. Despite the availability of nurses being a recurring target in all incentive agreements, since European and then FED, the presence of human resources in health facilities is still a critical issue, according to some interviewees.

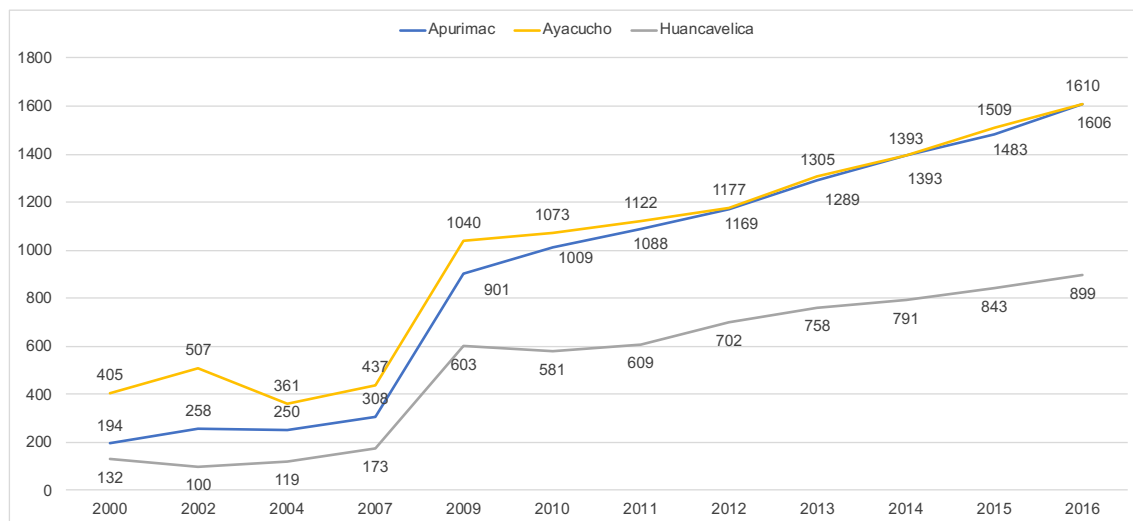
Regarding implementation of European, a key interviewee noted:

*"We saw how the number of nurses and the days of nurses has increased. There was also an issue ... I said then: its [number of] nurses have grown from 10 to 20. For example, a nurse should spend at least 20 days per month counting their days off, their training days, etc... from 17 to 20 days. If I have a nurse, it should represent 17 days a month. If I have three nurses, it should be 17 times 3. Then, when I had three nurses, the days of a nurse did not necessarily multiply. It reached 40, 30 days but not 51, which was the minimum. So, there you said: what is happening? Many [nurses] are engaged in administrative work, coordination. Or suddenly they are nurses that you have hired for that program, but they are more involved in other programs. We saw that many nurses in several establishments only register 5 or 6 days a month. Many times, I knew that the nurse attended 20 days, she filled out her files but no one registered it. The problem was that visits were not being registered. Or in other cases, the nurse had two patients a day, those two visits someone had misregistered the code. Also, you saw there...here I have zero days...the region said: indeed, because I have no*

*nurse here. But mostly it was a registration problem. All those things in the end have served to improve a lot, to look and help a little to see how the human resource gap was”*

Beyond what it said above is that the real reason behind the improvement in the number of nursing days was due to the increase in human resources and the problem why this improvement was not evident was mainly due to a registration issue. Moreover, it is clear that with the incentives, the registration was enhanced and therefore, to a certain extent, created the illusion that incentives actually improved the presence of nurse in health establishments, when in fact was because of higher quantities of resources available. When the evaluation suggests that nursing days indicator improved because of the incentives, what it does is to deny the role of the drastic and sustained increase of nurses in all regions since 2009, as figure 5.6 shows, more specifically in European regions. The interpretation plays down the importance of resources to provide better services.

**Figure 5.6** Number of nurses in European regions, 2000-2016



Source: INEI-Sirtod and Ministerio de Salud (2011: 55). Author's elaboration.

What is clear is that European improved the information and as a result, there is more reliable information for decision making. Indeed, better information about users, health facilities, costs and supplies was highlighted at the subnational level. In general, for the subnational level RBB meant an organization of the system in terms of information, indicators, operational guidelines, etc. Before, they could be accountable for more 100 indicators or did not use indicators to evaluate progress. Now this number has reduced and have better defined indicators. Also, the classification of the budget by budget program has facilitated to trace what, how and how much is allocated to the policy objectives, compared with the old structure that atomized the budget in many expense lines and grouped it in large categories that did not provide an idea of what and how the money was being spent.

*“We didn't know for example how much staff we had in our health facilities. Then we began to organize ourselves ... for example if you asked me at that time how many obstetricians you have in the region, I could not have told you because human resources had registered another number, the health office another number. We did not have a base. But when the European came out, SIGA asset, human resources, logistics came out too. And [because of that] we already knew where our human resources were ... in other words, we have organized ourselves [referring to the health system]”*

Probably, with the incentive people tend to show greater interest and therefore modify their behavior towards the incentives. But when there are not enough personnel resources,

the services will fail even when people have reliable information and the interests of the actors are aligned because there are few workers to do the distribution and division of labor.

While even interviewees did not deny its importance, their views differed. It was seen as a means to improve management practices in budget programming. From the evaluator's view, it helps to pressure health networks to meet goals with the resources that they have. But from the implementor's view, in order to maintain and fulfill the goals, they stop doing other activities that are important. Also, it means more funding, on top of the historic allocation that comes through the budget program PAN, in order to reduce gaps in human resources, equipment and to cover other expenses. At the same time, they stated that its contribution has been partial. Firstly, as it was explained, the allocation decisions are driven by historical criteria. Here, it is important to highlight that performance information is only considered in the approval of the additional budget that comes from incentives but compared to the total budget, it is minimal. Secondly, incentives fail to sustain changes. Improvements are temporal and once the incentive is not there, existing behaviours return. For example, interviewees from budget areas pointed out that managers only showed interest to register information in SIGA and program the budget according to the requirements as long as the incentive was there, and if someone was monitoring this activity. But, once the incentives stopped, those responsible for the spending did not feel obligated to guarantee the necessary supplies in health facilities.

*"Many of the monitoring things that improved the quality of spending are because they [subnational governments] had an incentive behind them... but not as a matter of permanent practice. Then when the incentive is over you tell them: all the resources you have from the State, you have to ensure that the supplies and equipment are in the [health establishment], and not because they [MEF] give you an incentive. It is because it is your responsibility to do so. And that is when you do not have the information to ask them for accounts. For example, SIGA was significantly implemented in health. In other sectors almost nothing. But in health, it depended a lot on the will to register. If you had that incentive and I monitored you through SIGA, you registered it. If there is no incentive and nobody forced you, you did not register it. A lot depends on whether there is also a rule [legal norm] that tells you [to do it]. There are some who have told you, but give me the rule [legal norm] that tells me that it is mandatory, that I have to do it"*

In addition, paradoxically European aimed to improve the use of resources, but regional governments had no restriction regarding its use. The attractiveness of this incentive relied on the fact that they could spend the additional budget on whatever they wanted. To what extent this conditionality undermined the temporal efficiency gains produced by the incentive would be interesting to explore.

*"That budget stays there yes or yes. That is, if you [regional authority] don't spend it, it keeps with you. We [MEF] did it to be able to make it attractive to a regional government, because it was a small amount. Firstly, it is a 3-year budget. Secondly, you do not return it to the MEF, it stays with you, that is if you do not spend it, it stays in your account. And thirdly, they could almost spend on whatever they wanted"*

## 5.4 Closing the story of PAN

Despite the fact that RBB is the strategy to develop budget and applies instruments such as incentive, budget programs, monitoring and evaluation to influence the behaviours of the government towards a more efficient allocation of resources, RBB has a limited or almost nil effect in the developing of funding. Budget is determined by the historical and institutional view. Expected results of the services are disregarded during this process. Incentives create the illusion to produce changes, but they are not sustained. On the contrary, the strong stress on results rather than process might be exacerbating common characteristics of the public sector: such as the lack of articulation between those that make the policies and those



that implement; which generally results in the formulation of policies without budget or with insufficient budget to address the critical points of service provision in the territory.

Simplifying the management of services, and thus the achievement of outcomes, into an issue of misalignment of interests and conditionalities can be problematic by disregarding the complexity of budget allocation process in the public sector. This position may be convenient for RBB advocates because it reduces the financial responsibility of the government by focusing the financing of services on information failures and misbehaviors of the actors and organizations and not on lack of resources. When it is clear from sections above that better CRED and vaccine services required financial, human and physical resources. But it is not just about a simple exercise of allocating resources and results follow. However, funding provides the conditions to make changes in order to achieve outcomes. Rather than a separation of policy and management in order to create an efficient government, as it is stressed by instruments inspired in the NPM's school of thought, the experience of PAN involved a close relationship between central and subnational government. In other words, it implied a connection between policy and management that expressed through financial, administrative, technical support and so on in order to ensure and sustain the achievements. And because this effort reached subnational governments under the label of RBB, it created the illusion that RBB had an important role in achieving outcomes.

*"When people [governmental actors] come from other countries, I tell them: you can design the best program but if you don't go to support local management, that is [to see] financial requirements from the bottom up. If you don't work with them in how to plan, how to do...such as [assuring that] operational units deliver the supplies on time. If you do not look at those things, you will not achieve results. And the other part is the political decision. Political support"*

Better services are not about setting up number of visits according the number of children and provide a payment for that. The implementation of services is complex. It requires human, physical and financial resources, the involvement of the policy maker in the policy management among the different level of the government. But the allocation choices and these relationships has always been and will connected to the typical processes of how the government budgets and manages and not to RBB.

*"Now if you visit a health facility, you find a CRED service that maybe attends morning-afternoon, every day of the week. Before 2008, that did not exist. CRED was something...what is that? It did not exist as an intervention. Now, if you have visited establishments, they show you their freezers [for vaccine storage]"*

## Chapter 6

### More Budget than Results-Based Budgeting?

To conclude, the dominant answer to the question “How can government do more with even less?” has been: it is not about money. It is not about cutting spending but neither spending more. RBB is embedded in this discourse that has shaped the way of allocating resources for services, and thus to achieve social outcomes to reinforce the argument that countries can provide better services, more resources are not necessarily required. Among RBB practices, PAN has been highlighted by the international community as a notable example in its application, which leads one to believe that the achievements were driven by the RBB instruments. Motivated by this narrative of success, this research paper attempts to understand whether the improvement of services, and thus policy outcomes, associated to the introduction of RBB can actually be attributed to RBB or to other budgeting and public management process.

The study of PAN found that the outcome achieved was never about RBB. The findings showed that the role played by RBB is not clear or almost nil because its implementation is reduced to a methodological process during the budget programming, but it does not have any effect on the allocation of resources. While the RBB’s approach of setting smart indicators and performance targets for each stage of service provisioning as well as a continuous monitoring and evaluating of services’ progress and the effects on the population, has resulted in an well-developed information system that produces abundant and reliable information, it is disregarded in the allocation of resources. With the exception of the budget that was allocated through European and that nowadays comes from FED, this information is ignored by the central government and the subnational governments. But, as the budget under the incentive scheme is minimal compared to the historical budget, its use loses relevancy. Consequently, expected results of services do not play a role in budget decisions. In fact, the allocation of resources is driven by the historical approach, which is the common behavior of how the government budgets and manages, and changes in budget are connected to the economic and political context. In the case of the incentive, this research found that actors show a higher interest to do the activities connected to the incentives, however this interest is in line with the duration of the incentive. In other words, if the incentive is there, actors feel more obligated to do the activity. Once the incentive is not there, the usual behaviours return, so they do not feel obligated to do the activity. As a consequence, temporal changes in management do not transform into permanent practices. On the contrary, the incentive-driven activities, plus the strong approach of deliver results of RBB, might be causing actors and organizations within the public sector to focus on doing these activities at the expense of non-incentivized activities that belong to other programs. Likewise, it is leading them to focus only on the final results without seeing the process, that is, taking their attention away from the implementation of services when the latter definitely assures the success of the service provision. A result of this is that frontline providers, as found, are not involved in the process of budgeting, but only in the evaluation.

This research paper shows that the improvement of services’ performance and thus, achieving outcomes, was in line with the significant increase of financial, physical and human resources and with the sustained support from the central government and its close involvement in the management of the services in the territory. And decisions regarding budget and management were in line with the economic context, but mainly triggered by the political setting. As it was shown prior to 2009, the poor performance of CRED and vaccines services

was linked to their lacking resources. Despite being supported by the evidence and the country having more financial resources available since the 2000's, their participation in the budget was poor compared to other programs. Underlying their deficient resources and performance was their lacking political support, which was expressed specifically in their low priority in budget decisions. The period which saw the performance of PAN improve correlates directly with the significant increase and sustain-ability of funding, which was in line with the priority that they were given in the government's agenda. This triggered that all the efforts done were to meet the political goal. During this process, the adoption of RBB was circumstantial and due that all this financial, physical, human and technical support arriving to the subnational level under the name of RBB, it created the illusion that RBB played an important role in this successful story. Hence, I conclude that achievements were more due to the resources and the characteristic processes of budgeting and management in the public sector, which were driven by contextual forces rather than Results-Based budgeting.

*"The point of breakage was not so much the management by results, nor RBB, it was like the country redirects its budget policies to generate direct results in the citizens"*

Some suggestions for further research imply analysis at the level of district or comparing different policy outcomes. Due to the time limit, it was not possible to dig more in these aspects and access to data at district level and at the health networks level is generally for internal use of the government. Access to the raw data bases is required to do that. It would be important that the government provides the access to this information because it is fundamental to incentivize research in Peru. Other important area of research is in relation with the frontline providers. Some issues raised in the interviews such the tension between permanent and temporal health staff and its effect on the provision of services and whether RBB is reinforcing or creating new power relations within different groups of health professionals (nurses, nutritionists, obstetricians, etc.).

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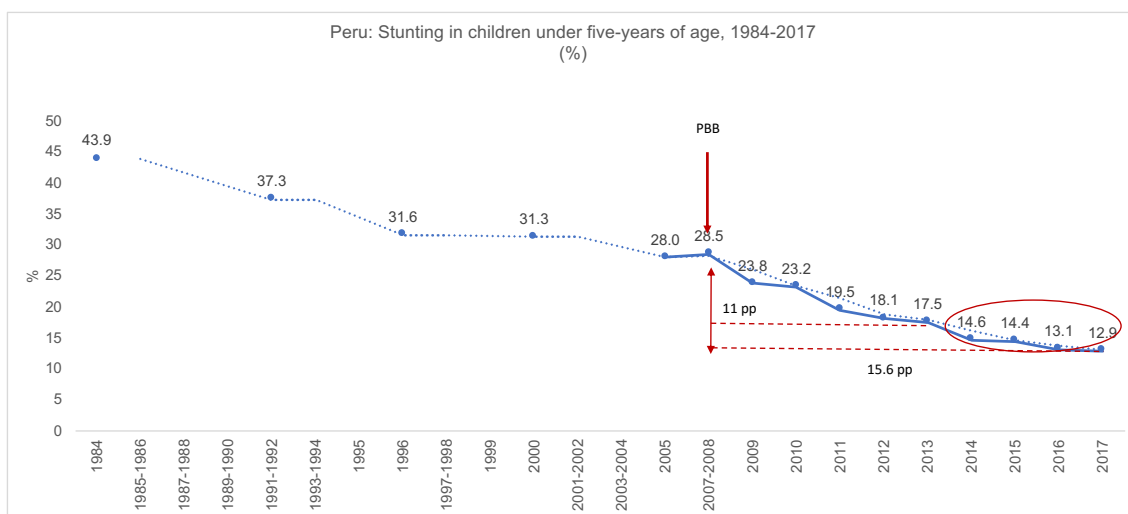
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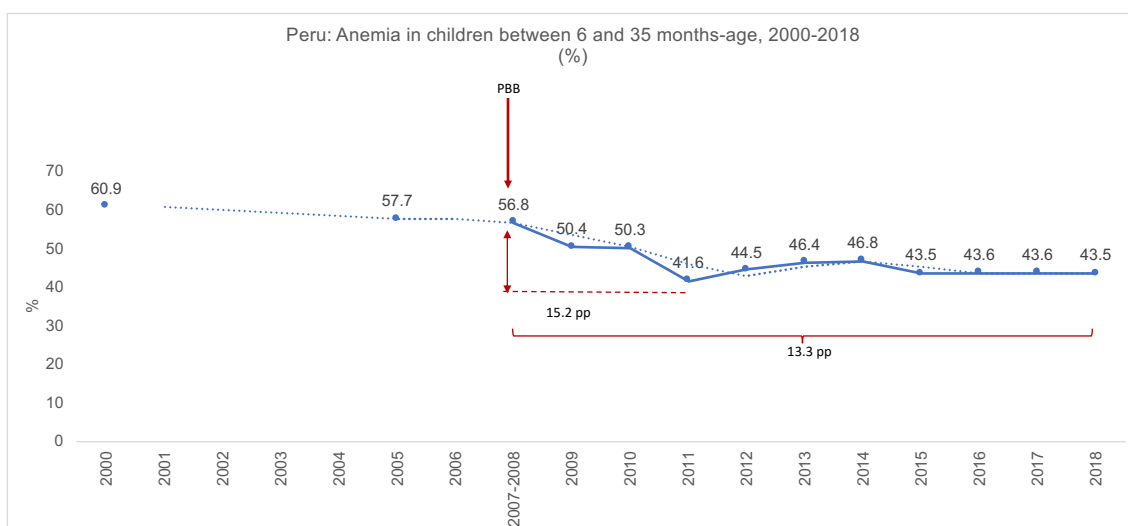
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# Appendices

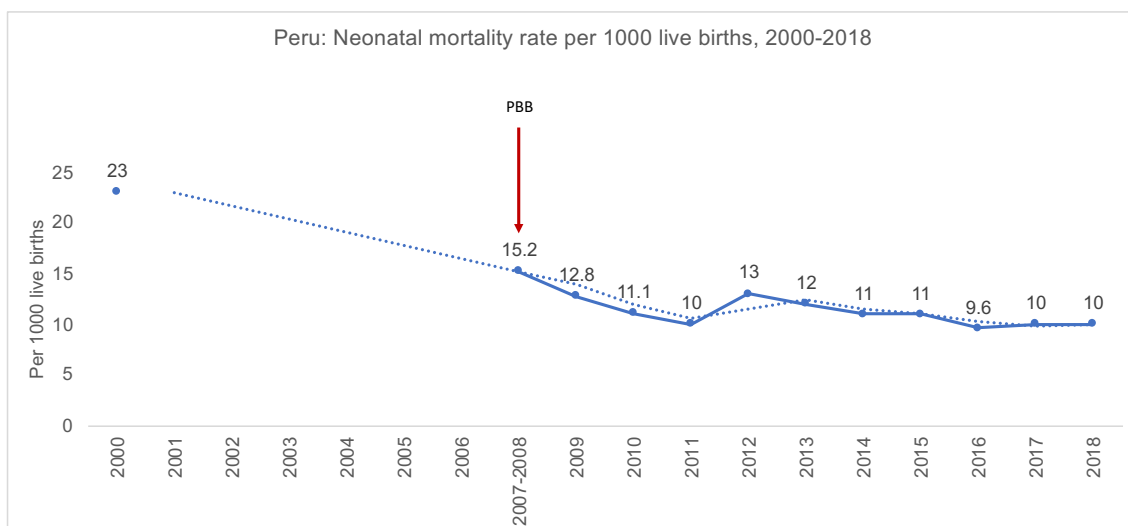
## Appendix 1 Social indicators trends



Source: 1984, 1991-1992, 1996, 2000, 2005: World Health Organization database; 2007-2017: INEI – Series Nacionales. Author's elaboration



Source: INEI-SIRTOD. Author's elaboration





Source: INEI-SIRTOD. Author's elaboration

<b>CHRONIC MALNUTRITION RATE OF CHILDREN UNDER 5 YEARS OLD, ACCORDING TO REGION, 2009 - 2017</b>									
WHO reference standard (Percentage)									
Region	2009	2010-2011	2011-2012	2012-2013	2013-2014	2015	2016	2017	Variation in pp (2017/2009)
<b>Total</b>	<b>23.8</b>	<b>19.5</b>	<b>18.1</b>	<b>17.5</b>	<b>14.6</b>	<b>14.4</b>	<b>13.1</b>	<b>12.9</b>	-10.9
Amazonas	26.8	27.5	29.2	27.1	30.8	22.7	19.3	17.1	-9.7
Áncash	28.2	27.0	24.7	22.0	20.5	18.7	17.1	16.1	-12.1
Apurímac	34.8	39.3	32.2	29.0	27.3	22.3	20.0	20.9	-13.9
Arequipa	12.2	9.0	7.3	8.7	7.3	7.5	6.3	4.9	-7.3
Ayacucho	41.4	35.3	29.5	28.0	26.3	21.7	18.9	20.0	-21.4
Cajamarca	39.8	37.6	34.2	35.6	32.2	23.9	26.0	26.6	-13.2
Callao	-	-	-	-	7.0	6.5	5.9	5.2	
Cusco	38.4	29.9	24.3	20.0	18.2	16.7	14.6	13.4	-25.0
Huancavelica	53.6	54.2	50.2	42.4	35.0	34.0	33.4	31.2	-22.4
Huánuco	39.2	34.3	30.9	29.0	24.8	24.2	19.2	19.6	-19.6
Ica	10.3	8.9	7.7	7.7	6.9	6.7	7.1	8.3	-2.0
Junín	33.7	26.7	24.4	24.2	22.1	19.8	20.5	17.3	-16.4
La Libertad	27.2	23.2	21.0	22.1	19.9	15.9	12.2	15.6	-11.6
Lambayeque	18.2	16.2	14.0	14.2	14.3	14.1	11.8	10.5	-7.7
Lima	-	-	-	-	10.0	9.7	5.9	9.6	
Loreto	29.1	34.2	32.3	27.7	24.6	23.2	23.6	23.8	-5.3
Madre de Dios	12.5	11.9	12.1	11.6	9.8	10.2	8.3	7.3	-5.2
Moquegua	5.1	5.7	4.4	4.1	4.2	3.5	4.5	3.4	-1.7
Pasco	38.4	24.8	26.0	26.5	24.9	22.4	24.8	22.8	-15.6
Piura	23.0	20.9	21.7	24.9	21.7	20.3	15.3	15.9	-7.1
Puno	27.3	21.5	20.0	19.0	17.9	14.5	16.4	16.1	-11.2
San Martín	28.2	22.8	16.8	15.5	16.0	16.3	12.1	12.1	-16.1
Tacna	2.1	3.7	3.1	2.9	3.7	2.6	2.3	3.2	1.1
Tumbes	13.5	11.0	10.1	9.1	8.3	9.1	7.4	8.2	-5.3
Ucayali	29.9	31.4	24.7	24.5	26.1	24.0	24.8	19.4	-10.5

Source: INEI

Note: Variation in pp is author's calculation

## Appendix 2 List of sources

Component (in spanish)	Information	Source access
Sistema de Información Regional para la Toma de Decisiones (SIRTOD) (Regional Information System for Decision Making)	Statistical information regarding economic, social, demographic, etc. among regions	<a href="http://webinei.inei.gob.pe:8080/SIRTOD/inicio.html#">http://webinei.inei.gob.pe:8080/SIRTOD/inicio.html#</a>
Sistema Integrado de Administración Financiera (SIAF) - Consulta amigable (Integrated Financial Management System (SIAF) - Friendly consultation)	Budget information	<a href="http://apps5.mineco.gob.pe/transparencia/Navegador/default.aspx?y=2006&amp;ap=ActProy">http://apps5.mineco.gob.pe/transparencia/Navegador/default.aspx?y=2006&amp;ap=ActProy</a>
Encuesta Demográfica y de Salud Familiar (Demographic and Family Health Survey)	Reports regarding demographic and social indicators	<a href="https://proyectos.inei.gob.pe/endes/">https://proyectos.inei.gob.pe/endes/</a>
National Series	National statistics	<a href="http://webapp.inei.gob.pe:8080/sirtod-series/">http://webapp.inei.gob.pe:8080/sirtod-series/</a>

World Health Organization Data Base (in english)	Global Database on Child Growth and Malnutrition	<a href="https://www.who.int/nut-growthdb/database/en/">https://www.who.int/nut-growthdb/database/en/</a>
Glass of Milk Program	Legal framework	<a href="https://apps.contraloria.gob.pe/pvl/normativa.asp">https://apps.contraloria.gob.pe/pvl/normativa.asp</a>
Laws repository	Legal framework regarding budget	<a href="https://www.mef.gob.pe/es/por-instrumento/ley?limit=100&amp;sort=created_on&amp;direction=asc">https://www.mef.gob.pe/es/por-instrumento/ley?limit=100&amp;sort=created_on&amp;direction=asc</a>
Articulated Nutrition Budget Program	Information regarding PAN published by MEF	<a href="https://www.mef.gob.pe/es/presupuesto-por-resultados/documentos-ppr/211-presupuesto-publico/presupuesto-por-resultados/2139-programa-articulado-nutricional">https://www.mef.gob.pe/es/presupuesto-por-resultados/documentos-ppr/211-presupuesto-publico/presupuesto-por-resultados/2139-programa-articulado-nutricional</a>
Budget Program	Information regarding the structure of budget programs	<a href="https://www.mef.gob.pe/es/presupuesto-por-resultados/estructura-de-programas#2014">https://www.mef.gob.pe/es/presupuesto-por-resultados/estructura-de-programas#2014</a>
	Information regarding budget programs	<a href="https://www.mef.gob.pe/es/presupuesto-por-resultados/instrumentos/programas-presupuestales">https://www.mef.gob.pe/es/presupuesto-por-resultados/instrumentos/programas-presupuestales</a>
Incentives	Plan de Incentivos a la Mejora de la Gestión Municipal (Incentive Plan for the Improvement of Municipal Management)	<a href="https://www.mef.gob.pe/contenidos/presu_publica/capacita/Guia_para_el_uso_de_recursos_del_PI.pdf">https://www.mef.gob.pe/contenidos/presu_publica/capacita/Guia_para_el_uso_de_recursos_del_PI.pdf</a>
	Data of incentive-driven budget	<a href="http://apps5.mineco.gob.pe/plani_ncentivo/Navegador/Default.aspx">http://apps5.mineco.gob.pe/plani_ncentivo/Navegador/Default.aspx</a>
	Information regarding incentives mechanisms	<a href="https://www.mef.gob.pe/es/presupuesto-por-resultados/instrumentos/convocatorias">https://www.mef.gob.pe/es/presupuesto-por-resultados/instrumentos/convocatorias</a>
Monitoring	Information regarding Monitoring of RBB	<a href="https://www.mef.gob.pe/es/presupuesto-por-resultados/instrumentos/seguimiento">https://www.mef.gob.pe/es/presupuesto-por-resultados/instrumentos/seguimiento</a>
Evaluation	Information regarding Evaluation of RBB	<a href="https://www.mef.gob.pe/es/presupuesto-por-resultados/instrumentos/evaluaciones-independientes">https://www.mef.gob.pe/es/presupuesto-por-resultados/instrumentos/evaluaciones-independientes</a>

### Appendix 3 List of interviewees

Code	Interviewee	Level of government	Date
I.1	Interviewee 1	National government	August, 2019
I.2	Interviewee 2	National government	August, 2019
I.3	Interviewee 3	National government (with regional background)	July/August, 2019
I.4	Interviewee 4	National government (with regional background)	August, 2019
I.5	Interviewee 5	National government	August, 2019
I.6	Interviewee 6	National government	August, 2019
I.7	Interviewee 7	Regional government	August, 2019
I.8	Interviewee 8	National government	August, 2019
I.9	Interviewee 9	Local government	August, 2019
I.10	Interviewee 10	Local government	August, 2019
I.11	Interviewee 11	National government	August, 2019
I.12	Interviewee 12	National government	August, 2019
I.13	Interviewee 13	Regional government	August, 2019
I.14	Interviewee 14	Regional government	August, 2019
I.15	Interviewee 15	Regional government	August, 2019
I.16	Interviewee 16	International cooperation	August, 2019
I.17	Interviewee 17	Local government	August, 2019
I.18	Interviewee 18	International cooperation (disregarded)	August, 2019
I.19	Interviewee 19	Regional government (disregarded)	August, 2019
I.20	Interviewee 20	Local government (disregarded)	August, 2019
I.21	Interviewee 21	Regional government (disregarded)	August, 2019

### Appendix 4 Comparison between Presidents' and Prime Ministers' speeches and the Budget Law regarding chronic malnutrition

Speech	2001-2006 (Toledo Presidency)	2006-2011 (Garcia Presidency)	2011-2016 (Humala Presidency)
President's speech	Announces the creation of Comprehensive Health Insurance (SIS) Focus on feeding programs Announces the start of Juntos Program <b>Last year:</b> Reducing poverty to 24% for 2021	<b>2007:</b> Reducing chronic malnutrition to 16% and poverty to 30% for 2011 - Reduction of social programs - Role of "Creceer" strategy, Juntos and SIS to address child malnutrition <b>2008:</b> ratification of the malnutrition goal - Highlight the role of Juntos and "Creceer" <b>2009:</b> ratification of poverty goal - Highlight universal health insurance, SIS, Juntos and Pronaa <b>2010:</b> highlights the reduction of chronic malnutrition to 18% and sets the goal of 5% by 2021. - Juntos and Pronaa	<b>2011:</b> "The fight against child malnutrition will be a priority" - indicates the implementation of a Child Nutrition Program - breakfast and lunch in schools (Qali Warma).

Prime minister's speech (first speech during each period of government)	<p>"we must fight tirelessly against the high rates of maternal and infant mortality and against malnutrition"</p> <p>He did not define any goal.</p>	<p>"We have set a goal for 2011 to reduce chronic child malnutrition by 5 percentage points. That is, an estimated 1 point per year, to go down from 24 to 19, and from there continue to lower this disastrous index of infant nutrition"</p> <p>"... Chronic malnutrition, we repeat, drops from 24 to 19."</p> <p>"Child malnutrition that affects 24% of children from zero to five years old, is one of the Government's priorities and we have set the goal of 2011, reducing malnutrition by 5 points, as we have already indicated. For this, one of the strategies is to merge the nutritional programs."</p> <p>Points out the continuity of Juntos</p>	<p>"The virtual elimination of chronic child malnutrition in children, to the year 2016"</p> <p>"The reduction of infant mortality from 11 to 5 per thousand born alive, to 2016"</p>
Draft Budget Law (Explanation of reasons)	<p>Focus on food programs, Juntos, Pronaa and SIS</p> <p>S/.46 millions for pentavalent vaccination</p> <p>S/.13 millions for preventive care of control and development for children.</p> <p>S/.300 millions for Juntos</p>	<p><b>2007:</b></p> <ul style="list-style-type: none"> <li>- Emphasis in Pronaa</li> <li>- 400 millions for Juntos, 266 millions for SIS and 66 millions for immunizations</li> </ul> <p><b>2008:</b></p> <ul style="list-style-type: none"> <li>- Introduces child malnutrition goal and present first 5 budget programs (e.g. PAN)</li> <li>- Considers additional budget for PAN in four regions, Juntos and SIS</li> </ul> <p><b>2009:</b></p> <ul style="list-style-type: none"> <li>- Chapter of RBB is repeated. Includes progress in the coverage of PAN products and S/.380 millions for different vaccines</li> </ul> <p><b>2010:</b></p> <ul style="list-style-type: none"> <li>- Sets up to vaccinate 100% of children under 5 years against pneumococcus and influenza virus</li> <li>- S/.254 million more for the application of the vaccines (S / .180 million are for the purchase of the biological and S / . 75 million for operating expenses in the regions.</li> </ul> <p><b>2011:</b></p> <p>The explanatory statement is impregnated by the PAN for previous years. But, in 2011 it loses presence: The Chapter IV related to the Strategic Program disappears.</p>	<p><b>2012:</b></p> <ul style="list-style-type: none"> <li>- A goal of reducing chronic malnutrition for 2012 of 2.1% is proposed, but a goal is not set for 2016.</li> <li>- Juntos is separated from PAN. It is announced the creation of the social program Cuna Mas on the basis of the Wawa Wasi Program.</li> </ul> <p>The chapter related to RBB programs discontinued. It is part of annexes. The information is mentioned as part of the budget classification</p>

Source: Cordero et al. (2015: 84-92). Author's elaboration.

**Appendix 5** Evolution of the number of nurses per region, 2000-2016

<b>Region</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2009/2004</b>	<b>2016/2009</b>
Amazonas	124	99	142	535	605	680	759	853	944	1,040	1,157	277%	116%
Ancash	489	450	458	1,341	1,532	1,679	1,887	2,090	2,345	2,559	2,743	193%	105%
Apurimac	194	258	250	901	1,009	1,088	1,169	1,289	1,393	1,483	1,606	260%	78%
Arequipa	1,596	2,162	1,360	4,178	4,355	4,638	4,889	5,160	5,443	5,763	6,055	207%	45%
Ayacucho	405	507	361	1,040	1,073	1,122	1,177	1,305	1,393	1,509	1,610	188%	55%
Cajamarca	608	570	498	1,270	1,367	1,502	1,591	1,715	1,860	2,033	2,165	155%	70%
Callao	729	705	733	1,759	1,876	2,010	2,183	2,360	2,518	2,812	3,013	140%	71%
Cusco	814	991	742	2,147	2,347	2,487	2,668	2,883	3,087	3,286	3,418	189%	59%
Huancavelica	132	100	119	603	581	609	702	758	791	843	899	407%	49%
Huánuco	422	640	407	1,472	1,548	1,721	1,830	1,951	2,031	2,179	2,314	262%	57%
Ica	672	897	571	1,688	1,766	1,860	2,062	2,322	2,502	2,738	2,972	196%	76%
La Libertad	874	1,181	790	2,840	3,076	3,242	3,419	3,692	3,934	4,169	4,383	259%	54%
Lambayeque	626	942	722	2,058	2,232	2,499	2,734	2,992	3,268	3,500	3,756	185%	83%
Lima	8,725	8,257	6,681	23,022	24,086	25,278	26,448	27,581	28,916	30,265	31,565	245%	37%
Loreto	245	392	213	908	935	972	991	1,017	1,036	1,185	1,206	326%	33%
Madre de Dios	59	87	83	113	156	177	190	211	216	246	255	36%	126%
Moquegua	291	216	216	405	436	439	485	512	543	565	585	88%	44%
Pasco	213	228	188	567	613	662	682	679	683	726	779	202%	37%
Piura	665	505	543	1,142	1,257	1,390	1,513	1,700	1,905	2,067	2,225	110%	95%
Puno	764	670	656	1,912	2,019	2,176	2,338	2,526	2,708	2,945	3,109	191%	63%
San Martin	206	192	188	503	511	569	601	650	713	769	784	168%	56%
Tacna	390	443	270	739	765	839	869	925	943	1,015	1,057	174%	43%

Tumbes	112	106	111	302	329	364	425	439	461	506	544	172%	80%
Ucayali	203	318	256	584	598	640	692	736	773	818	849	128%	45%
<b>Peru</b>	<b>20,587</b>	<b>21,820</b>	<b>17,331</b>	<b>54,409</b>	<b>57,550</b>	<b>61,274</b>	<b>65,078</b>	<b>69,264</b>	<b>73,499</b>	<b>78,251</b>	<b>82,448</b>	<b>214%</b>	<b>52%</b>

Source: INEI-Sirtod. Author's elaboration

