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REPORT OF TECHNICAL ASSISTANCE  
TO THE  
SPECIAL COMMISSION ON FOOD AND NUTRITION (CENA)  
GOVERNMENT OF PERU

by

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and

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PROGRAM RECOMMENDATIONS<sup>±/</sup>

1. Increase the value of coupons to allow for inflation and delay in beginning the program.  
Suggest S/. 3,000 for this year as a basic grant for 2 person households and S/. 1,000 additional for each additional member of the household. At a minimum, provide for two levels of benefits: a basic grant for 2 to 4 persons and a larger grant for 5 persons or more.
2. Print S/. 1,000 coupons rather than S/. 3,000 to allow flexibility in issuance in allowing for inflation and household size variation, and to avoid printing new coupons if the program is continued another year.
3. If the program continues another year, increase the value of coupons to allow for inflation.
4. Seek additional appropriations to cover costs of printing the stamps and administering the program. Provide for a small national administrative staff on a permanent basis (subject to continuation of the program). In addition, establish departmental or regional offices to administer the program. Pay the municipios for distributing the coupons at least one-half their costs.
5. Begin an educational program with the food stores and with the municipios immediately. Let them know the status of the program, the timing of its implementation, and ask the municipios (1) to form their food committees and (2) to begin taking applications from potential beneficiaries immediately.
6. If possible, begin operation of the program on a pilot basis in one department in each region and expand geographically on a scheduled basis as the stamps become available and base-line data can be collected.
7. Require application forms be filed out for each participating household, to establish eligibility and to document distribution of coupons over time.
8. Require monthly reports from the municipios to establish:
  - receipt of coupons from the bank
  - distribution of coupons
  - number of participating households
  - inventory of coupons at the end of each month
  - size of any waiting list of potential beneficiaries
9. Conduct an evaluation of the program in a sample of departments representing (1) Lima Metropolitan Area, (2) the Coastal Region,

(3) the Mountain Region and (4) the Jungle Region. Base-line data during the first month of program operation would be collected in each department selected and follow-up data would be collected again during the last month of program operation in the same areas. Three types of data would be collected: (1) Food expenditures during the 7 days prior to the interview, (2) food consumption (intake) during the 24 hours of the day prior to the interview and (3) height, weight and age for each member of the household that is available. Attached are detailed specifications and estimated costs for the evaluations proposed.

10. Reexamine the appropriateness of the list of foods authorized for purchase with food stamps. One of the purposes of the base-line food consumption data is to provide a basis for such adjustments. The program should allow beneficiaries to be able to purchase foods in line with local preferences, with modifications that may be desirable in obtaining a nutritionally adequate diet. One group of foods that appears deficient, for example, is fruits and vegetables.
11. In order to promote an orderly issuance of stamps during the first month of program operation, it would be desirable to begin taking application forms before the stamps are available for delivery. This procedure would allow an approximation of the number of households that meet the various categories of priority for participation so that a determination can be made of the levels of priority that can be met by the availability of coupons in a given municipio. Advanced determination of eligibility would be particularly appropriate in the four departments where base-line data are going to be obtained, because of the additional time required for this data collection.

1/ All of the recommendations in this report have been discussed with the Technical Committee of the Food Stamp Program. Many of them have been endorsed by the Committee and appear likely to be adopted by the GOP.

REPORT OF TECHNICAL ASSISTANCE

Technical assistance to Technical Group of CENA (Special Commission on Food and Nutrition) of Peru, on preparation of plans for National Food Coupon Program.

By

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and

STEPHEN HIEMSTRA (U.S. Dept. of Agriculture)

Field visit to Lima, Peru from March 31 to April 10, 1981

The consultants spent their first three days orienting themselves to the economic, agricultural, and nutritional contexts of the proposed Food Coupon Program, and to the legal documents and completed working papers related to it. They also encouraged, successfully, formation and mobilization of the multisectoral Grupo Técnico (working technical group) they had been scheduled to assist.

Following assembly of the Group, charged with preparing detailed plans and regulations for the Coupon Program outlined in earlier legal decrees, the consultants worked full-time with it and assisted in preparation of a Draft Report sufficient to permit the Commission to make all major decisions about whether and how to carry out the Program. Bernardo Gómez, a Colombian consultant made available by the Andean Pact Office, also assisted the Group. An FAO consultant is scheduled to arrive late in April.

The Technical Group initially included representatives from eight ministries and agencies, but the three consultants worked mainly with only four Group members who attended regularly and drafted the Report. The writers responded well to technical assistance, discussed all and accepted many consultant suggestions, and produced a good Report, despite legislative restrictions, described below, that make an effective Program unlikely. The proposed Program outlines remain as described in earlier USAID cables. The Technical Group's mandate foreclosed modification of the basic structure, limiting efforts to translation of broad policy guidance into plans and regulations necessary for initiating action.

RECOMMENDATIONS

1. USAID should provide no further technical or financial support to the Food Coupon Program until after operation begins

The Technical Group, with consultant help, discussed all of the major policy issues and operational problems that could reasonably be anticipated in the proposed Program. Further speculation about other problems and their solutions serves little purpose. Initial operations will generate many problems impossible to have predicted that will require attention, and perhaps further technical assistance, but no additional help should be necessary until implementation has started. The Colombian consultant emphasized, drawing on Colombia's coupon experience, the dangers of complicating early design by trying to deal with every contingency and the Group accepted his advice. The USAID consultants concur.

Further help before implementation also seems superfluous because the decrees establishing broad Program outlines make design of an effective Program extremely difficult. The decrees assign execution responsibility to municipal councils that lack adequate staff and administrative experience. Pressure for immediate initiation of the Program leaves little time to hire and train staff.

The designated benefits of 3,000 soles (about \$ 7.50) monthly per family, regardless of size, are universally acknowledged to be minimal and the lack of flexibility limits possibilities for economic or nutritional impact. Delay in implementation, already inevitable, assures that inflation will further erode value of the benefits.

The decrees prescribe a specific value of coupons to be allocated for each department (state), municipality (county) and district (township) in Peru, with the amount adequate to serve about fifteen per cent of the people. This and the general guidance that only those in "extreme poverty" should receive coupons, make some kind of income test impossible to avoid. Difficulties of calculating incomes in the informal sector and among subsistence farmers, for example, will make administration a nightmare. Small income differences between those accepted and rejected will create resentment, discourage work, and defeat purposes of the Program. The high priority mandated for abandoned mothers will encourage lying and desertion. Many of these problems could have been avoided by concentration on geographical areas with such high concentrations of poverty that coupons could be offered to all, but the Working Technical Group was not free to propose this option.

Within these and other limitations, the Technical Group developed a reasonably simple, objective, and feasible model for executing the Program. Only initial testing will demonstrate critical problems that need further attention. The political pressure for immediate implementation makes inadequate preparation and training inevitable. It will be necessary to distinguish these and other operational problems from difficulties due to faulty design and regulations.

2. USAID should provide financial and technical support for monitoring and evaluation of the Food Coupon Program

The current interest in food stamp and similar programs among developing countries, manifested in part by numerous requests for AID assistance, makes Mission and AID/W understanding of the coming Peru experience especially important. Even if the Peruvians do not seek help, the USAID should request opportunity to observe and study the Program.

Observation should focus first on administration and implementation problems. The Colombian experience emphasizes difficulties of outreach, coupon flow, and reporting, for example. USAID should also offer to fund baseline sample surveys of food expenditures, intra-family and other consumption patterns, and nutrition status. Though changes in these variables may not occur during the pilot phase of the Program, the possibility that the Program will continue makes baseline data collection a useful expedient.

The proposed registration form will provide information required for routine monitoring of participation, but the municipalities lack capacity to collect information needed to establish a baseline for measuring impact. This will require special studies and, if it becomes apparent that the Program does not include them, USAID should encourage and support their inclusion.

Any decision about the need, nature, and magnitude of later surveys to assess changes and impact should be deferred until it becomes clear that the Program is functioning well enough to make impact possible. Difficulties in distributing coupons, using them, or adapting their value to rapid food price increases, for example, may so limit the total value of benefits that cost of further studies of (e.g.) nutritional change may not be justified by likely findings.

The consultants assisted the Technical Working Group with plans for monitoring and evaluation that were included in the Report to the Commission. USAID should determine whether these plans are to be executed in full and, if not; should provide necessary support for the larger-scale evaluation effort required for obtaining generalizations relevant for broader AID concerns.

3. USAID should avoid further recommendations about the Food Coupon Program

Outside consultants can easily identify defects in the proposed Food Coupon Program. It is a political initiative with a momentum independent of technical considerations and consultants' insights have received, and will continue to receive, mixed reception. With Andean Pact, FAO, and USAID consultants already involved, risks of inconsistent guidance multiply.

Neither USAID or Peruvian interests will be served by further attempts, at this time, to influence basic program structure. The Program is already three months behind schedule and the anticipated political impact will be lost, and may even become negative, if coupons are not delivered soon. Conceived as a ten-month pilot effort, designed to alleviate current impact of food subsidy elimination on the very poor, the Program's symbolic value takes precedence over more substantive concerns.

If, after several months of operation, the Peruvian Government seeks to build a more permanent and effective Program, there will be time and a more receptive audience for a broader range of technical help. There now exists a model adequate for initiating the pilot effort. The Government must translate it into action, and only then can it attack the many basic problems attributable to the urgency with which the initial effort has been undertaken.

Recommendations at the conclusion of this Report indicate alternatives for dealing more effectively with some of the basic problems inherent in the current design.

4. USAID should remain sensitive to opportunities for encouragement of broader nutrition planning, though the current context is not yet appropriate for significant USAID nutrition programming

Dr. Richard Webb, President of the Central Reserve Bank (BCR), indicated continued Governmental interest in food policy and planning, emphasizing that the Food Coupon Program is more an immediate emergency step than a permanent policy decision. The multi-sectoral CENA, obvious candidate to direct and implement a concerted attack on malnutrition, is also executing agency for the Coupon Program. It is not yet clear that even this limited responsibility will be managed effectively, but the granting of a \$50,000,000 appropriation for the Program to CENA suggests that decision-makers are taking the agency seriously.

CENA could emerge as a key factor in national policy. With Central Bank and other high-level support, good leadership, and even a mildly well executed pilot Coupon effort, the Commission may gather strength. Webb indicated that the Coupon Program might eventually be expanded in coverage and magnitude. If this happens and can be accompanied by modifications that link it to agriculture, health, and supplementary feeding, CENA would become the de facto nutrition planning agency. Should CENA acquire a small nutrition planning staff, USAID should provide all possible support.

USAID should encourage and support this vision of a broader CENA, while remaining sensitive to the difference between rhetoric and progress. Nutrition advocacy requires quick response when opportunity appears. There are enough promising signs in Peru, including the Coupon Program, to justify continued attention to the nutrition context and programming possibilities.

PERSONAL CONFERENCES IN PERU

- March 31 Janet Ballantyne, Chief, Health, Population and Nutrition Division, AID.  
Robert E. Stickney, AID Consultant
- April 1 Robert W. Adler, Economist, AID  
José Maguiña, Chairman, Food Stamp Committee,  
Minister of Agriculture
- April 2 Dr. María Teresa Salazar de Buckle, Andean Pact
- April 3 Ing° Manuel Guardia Mayorga, President, Comisión Especial de Nutrición y Alimentación (CENA) (List of all representatives is attached).  
Ing° Rodolfo Masuda Matsura, Deputy Director, Department of Farming and Livestock, Ministry of Agriculture  
Ing° Rigoberto Sierra, Office of Planning, Minister of Agriculture  
Ing° Luis Núñez, " " " "  
Ing° Marco Segura, " " " "  
Dr. Víctor Hernández, Director National Institute of Nutrition
- April 6-10 Technical Committee for Food Stamp Program  
(List of members is attached)
- April 6 Richard Webb, President, Banco Central de Reserva
- April 7 Loren Schulze, Chief, Agriculture Division, AID  
José Rodríguez-Acevedo, Food for Peace, Officer, AID
- April 8 Dr. Jorge Osterling, Professor, Catholic University
- April 9 Padre Antonio Ubilluz, Parroquia Santa Catalina Labouré
- April 10 Daniel Clare, Political Officer, U.S. Embassy  
Leonard Yaeger, Mission Director, AID  
Robert Kramer, Program Officer, AID

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Technical Committee for Food Stamp Program

Reunión 6/4/81

- |                                  |                           |
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| 1. María del Carmen Ferrúa Allen | Pesquería                 |
| 2. Oscar Alvarado Flores         | Pesquería                 |
| 3. María Isabel Paz Híjar        | Educación                 |
| 4. Moisés Campos Wilson          | Educación                 |
| 5. Carlos Bracamonte             | Banco Central de Reserva  |
| 6. José Maguiña V.               | Agricultura               |
| 7. Bernardo Gómez                | P.A.N., Colombia          |
| 8. Hugo Fernández Dávila         | Agricultura               |
| 9. José Gonzalez-Vigil Alarcón   | I.N.P.                    |
| 10. Aldo Gatti Murriel           | I.N.P.                    |
| 11. Eduardo Villa Morocho        | M.E.F.C.                  |
| 12. Stephen J. Hiemstra          | AID - US Dept. of Agr.    |
| 13. Jim Pines                    | AID Consultant            |
| 14. Imelda Nué S.                | Dirección de Alimentación |
| 15. Herminia G. de Bernuy        | Ministerio de Salud       |
| 16. Nahil Hirsh                  | M. de Salud, D. A.        |
| 17. Marcos T. Carrión Quintana   | M.E.F.C.                  |
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RECOMMENDATION FOR PROGRAM EVALUATION

For purposes of program evaluation, base-line data should be collected in a sample of departments and follow-up data should be collected from the same sample during the last month of the program's operation. If the program is extended into 1982, the follow-up data collection should be deferred and collected 12 months after the initial data collection, to avoid impacts of seasonality.

Proposed specifications for the study are as follows:

1. Number of departments.  
Draw a random sample of one department from each of the three major regions: (1) Coastal Region, (2) Mountain Region, (3) Jungle Region, and (4) Lima Metropolitan Area (chosen with certainty).
2. Number of households and municipios.  
Interview about 1500 households in each of the four sample departments at the time and place of the original distribution of coupons.  
Households are to be selected at random in selected municipios by choosing every X household at the time of distributing the coupons. The size of X is determined by dividing the number of beneficiaries in the municipio by the number assigned to the municipio. The number of municipios to be chosen will vary by the size of the department. At a minimum, one rural and one urban municipio (except in Lima Metropolitana area) will be designated for data collection with the proportion of the total sample of households (1500) allocated by the proportion of beneficiaries in the urban versus rural areas. In Lima, at least one municipio shall be sampled from the central city and one from one of the four cones of squatter settlements.
3. Data to be collected.  
Three types of data would be collected:
  - (1) Food expenditures for the household during the previous week (7 days through the day before the interview).
  - (2) Food consumption during the previous day for each member of the household (actual intake in terms of quantities of specified foods).
  - (3) Height and weight measurement and age for each member of the household (measurements must be taken by the interviewer on as many members of the household as reasonably possible; priority to be given to children and infants).

4. Interviewers

Trained interviewers must collect the base-line and follow-up data, under the direction of a nutritionist or economist.

Introduction of the program in the sample municipios must be scheduled according to the availability of trained interviewers available to obtain the base-line data. Preferable, two teams would be used in data collection, beginning in the urban municipio the first month and the rural areas the second month.

5. Analysis of the data

Data must be analyzed by competent analysts who are familiar with handling large data sets and who can use the data to evaluate the impacts of the program on the food expenditures and nutritional status of the beneficiaries as well as the increase in the demand for food caused by the program. The food consumption and expenditure data shall be related to the data collected routinely on the application forms for the selected households (copies of these application forms are to be collected at the time of other data collection).

6. Cost of evaluation

The cost of the evaluation should be obtained independently from the program and conducted under an outside contract. The cost will depend upon the local availability of skilled interviewers and analysts. Following is a proposed budget based upon use of local personnel: It envisions two teams of 11 personnel each; operating one month in each of two sample areas assigned to it, both collecting base-line and follow-up data. Two weeks of training is planned.

	<u>Thousand Soles</u>	<u>Thousand US Dollars</u>
Training	3,000	7.50
Data collection	40,000	100.00
Data analysis	4,000	10.00
Computer time	12,000	30.00
Equipment	10,000	25.00
Report publication	<u>500</u>	<u>1.25</u>
TOTAL:	S/. 69,500	\$ 173.75

<u>Personnel:</u>	<u>Time (Months)</u>
1 Supervisory analyst	8
2 Data collection supervisors	5
1 Secretary	8
2 Economists or statisticians	5
2 Nutritionists or home economists	5
16 Interviewers	5