



PREPARATION OF A STRATEGY PROPOSAL FOR DIFFERENTIATED GRADUATION OF HOUSEHOLDS FROM THE JUNTOS PROGRAM*

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This report describes the results of the consultancy, "Preparation of a strategy proposal for differentiated graduation of households from the JUNTOS Program," carried out by CARE Peru and Proyecto Capital. The main goal of this consultancy was to prepare a strategy proposal for differentiated graduation of households from JUNTOS, based on an analysis of the experience of various public and private entities. A significant part of the consultancy consisted of fieldwork in Ayacucho, particularly with JUNTOS beneficiary families.

The report reviews mechanisms for exiting other conditional cash transfer programs in Latin Ame-

rica, and finds that the majority of programs with exit strategies have not yet validated the implementation of those measures (Chapter I). As possible guidance for the JUNTOS Program, the report also includes some strategies for graduation from extreme poverty based on the approach developed by the Consultative Group to Assist the Poor (CGAP) in Bangladesh and the Ford Foundation; in Peru, this methodology is used in the Model for Graduation from Extreme Poverty (*Modelo de Graduación de la Extrema Pobreza*, MGEP) in Cusco, which is implemented by Plan Perú and the Arariwa Association under the coordination of Innovations for Poverty Action (IPA).

A review of some programs and projects focusing on productive rural development and financial

* The complete document is available at the Capital Project: <www.proyectocapital.org>.

activities with a population similar to that of the JUNTOS beneficiary households identified key factors in the success (Chapter II) of such interventions. They include flexibility in implementation of the programs and their components; the most successful programs that we have found are those that learn along the way and can reformulate their actions, and those that have the capacity for local decision-making. Another important factor is the formation, accompaniment and strengthening of producer associations, which give the interventions greater impact and make them more cost-effective. Any production strategy must also be associated with commercialization processes. These approaches must be considered in the design of sustainable exit strategies for Conditional Cash Transfer (CCT) programs. The consultancy also proved the importance of including poor people in the financial system. The “Promotion of Savings in JUNTOS Families” (*Promoción del Ahorro en Familias JUNTOS*) Pilot Program, implemented in 26 districts in the country, and the Promoting Inclusive Rural Microfinance (*Promoviendo las Microfinanzas Rurales Inclusivas, PUMRI*) Project, which is implemented in Huanta and Luricocha, in Ayacucho, Coporaque in Cusco and San Jerónimo in Apurímac, are examples of successful programs targeting JUNTOS beneficiaries.

Chapter III describes the graduation strategy designed by the JUNTOS Program, which proposes delivering incentives called “graduation vouchers” to beneficiary households after their fourth year in the program, once the recertification process has been implemented. The method used by JUNTOS to assess households is based on the parents’ schooling (capacities) and the family’s economic situation (productive potential); this is used to classify families as having high or low capacity and high or low productive level. The household’s specific characteristics, according to this classification,

determine the amount of the graduation voucher the beneficiary families receives from JUNTOS. This methodology is being validated in the districts of Chuschi and Vinchos, in Ayacucho.

Stakeholder mapping in Ayacucho (Chapter IV) identifies the institutions in the region that should be involved in the graduation process. The report distinguishes between (a) government stakeholders connected with the JUNTOS Program, such as the Regional Health Office (*Dirección Regional de Salud, Diresa*), Ayacucho Regional Education Office (*Dirección Regional de Educación Ayacucho, DREA*), local governments and the Banco de la Nación; (b) social programs, such as the National Development Cooperation Fund (*Fondo Nacional de Cooperación para el Desarrollo, FONCODES*) – My Productive Farm (*Mi Chacra Productiva*), the National Food Assistance Program (*Programa Nacional de Asistencia Alimentaria, PRONAA*), the Integral Nutrition Program (*Programa Integral de Nutrición, PIN*), and the recently established social programs for senior citizens and students, *Pensión 65* and *Beca 18*; and (c) stakeholders in the production and financial sectors, including the Belgian Technical Cooperation Agency, *AGRO RURAL*, the Assistance Program for Rural Productive Alliances (*Programa de Apoyo a las Alianzas Rurales Productivas, ALIADOS*), private enterprise, *CARE Peru*, the *PUMRI* project and some lending institutions.

Based mainly on fieldwork, Chapter V describes the characteristics of beneficiary households of the JUNTOS Program in Ayacucho, their economic strategies and their expectations for exiting the program, providing direct information for weighing exit criteria. The focus groups and interviews showed that the most vulnerable families are those in which the head of household is over age 35 and has little formal education, and which have a large number of children and few



assets and live far from urban and/or commercial centers. Differentiated exit strategies must consider those elements. It is important to determine whether the family will be able to maintain the same socio-economic level once it no longer receives cash transfers.

The fieldwork showed that there is significant fear of leaving the JUNTOS Program, because of what this could mean in terms of losing the “fixed and secure” income that the family has received, and which it can use to plan family expenses. That fear is greater among rural families and those with more precarious living conditions. It is also connected with other problems, such as food security and the need to provide food for the family for the entire month.

It is also important to keep in mind the way in which the process is implemented, particularly which families will be chosen to exit and whether some sort of community consultation will be involved, because it is possible to create distrust and conflict within the communities. Focus group participants said they were afraid there could be “lots of arguments” about this aspect.

The findings of the literature review and fieldwork provide input for the proposal for an exit strategy for the JUNTOS Program. As described in detail in Chapter VI, this strategy should exist from the time the program is designed. We found that SISFOH’s Single Socio-Economic Form (*Ficha Socioeconómica Única*, FSU), in its current form, is not an adequate tool for identifying households that will graduate, and that the form should be modified. We also believe that the targeting of households should be supplemented, and that the possibility of a community participation component should be evaluated.

To summarize, the report proposes an integral approach to determining household characteristics, including their vulnerability, so they do not fall into extreme poverty again. This implies an exit strategy that does not offer education, productive or enterprise vouchers as mutually exclusive alternatives, as established in JUNTOS guidelines.

We believe it is extremely important to have a time-related criterion that does not neglect human capital in terms of education, health and nutrition, and we suggest taking advantage of the human capital created as part of the program (leader mothers who could form a network to monitor families that have exited the program).

A graduation strategy should be based on a prior assessment to determine the possibilities in each locality. Based on that assessment, a portfolio of possible productive activities or enterprises that could really be implemented by beneficiary households should be developed. The approach should also consider intercultural and gender-related aspects.

Key elements for successful implementation of the strategy are training, which must be ongoing and include the dissemination of validated technologies adapted to different places, as well as the establishment of associations and plans for commercialization. We propose testing different possibilities: associations between parents and children, or associations involving participants in Mother’s Clubs or grass-roots social organizations (that is, associations involving people who know each other). It is also necessary to increase the number of local managers (*gestores locales*) and provide clear guidelines for supervising families, decreasing the discretionality that currently exists.

MIDIS should direct the JUNTOS exit strategy, linking it with other social programs under its responsibility and working with programs managed by the Ministry of Agriculture (AGRO RURAL) and local governments. The entities involved should consider the pilot programs that have been implemented and design a comprehensive, inclusive government policy.

Any exit strategy for a program such as JUNTOS requires a serious review of the way in which it

is implemented; in other words, if the program prioritizes investment in human capital and takes a human rights approach to help link beneficiary households with alternatives for improving their income opportunities, it will be easier to ensure an appropriate exit for beneficiary households so the money the Peruvian government has invested in JUNTOS to improve living conditions for rural families living in extreme poverty does not go to waste. ●



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This publication is possible thanks to the support of the Ford Foundation and the IDRC - International Development Research Centre



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