

**Carrots to improve education management? The case of
Performance Commitments**



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Abbreviations

ANGR	National Assembly of Regional Governments (<i>Asamblea Nacional de Gobiernos Regionales</i>)
APAFA	Association of Parents (<i>Asociación de Padres de Familia</i>)
CdD	Performance Commitments (<i>Compromisos de Desempeño</i>)
CdG	Management Commitments (<i>Compromisos de Gestión</i>)
CGR	General Comptroller of Republic (<i>Contraloría General de República</i>)
CI	Intergovernmental Commission (<i>Comisión Intergubernamental</i>)
DITEN	Technical and Normative Directorate of Teaching (<i>Dirección Técnico Normativa Docente</i>)
DRE	Regional Directorate of Education (<i>Dirección Regional de Educación</i>)
ECE	Students Census Evaluation (<i>Evaluación Censal de Estudiantes</i>)
ENEDU	National Survey of Educational Institutions (<i>Encuesta Nacional de Instituciones Educativas</i>)
EUROPAN	Program of Budgetary Support to the Articulated Nutrition Program
FED	Fund to Stimulate the Performance and the Achievement of Social Results
GoRe	Regional Governments (<i>Gobiernos Regionales</i>)
INEI	National Institute of Statistics and Informatics
MEF	Ministry of Economy and Finances
Minedu	Ministry of Education
MIDIS	Ministry of Development and Social Inclusion
MSF	Kingdon's Multiple Stream Framework
NEXUS	Informatic System of Administration and Control of Vacancies (of Teaching)
NPM	New Public Management
OPEP	Office of Strategic Planning and Budget (<i>Oficina de Planificación Estratégica y Presupuesto</i>)
PI	Plan of Incentives to the Improvement and Modernization of Municipal Management
PpR	Results-based Budget (<i>Presupuesto por Resultados</i>)
PELA	Strategic Program of Learning Outcomes (<i>Programa Estratégico de Logros de Aprendizaje</i>)

ROF	Regulation of Organization and Functions (<i>Reglamento de Organización y Funciones</i>)
SEACE	Electronic System of Government's Contracts (<i>Sistema Electrónico de Contrataciones del Estado</i>)
SGP - PCM	Secretariat of Public Management of the Presidency of Ministries Council
SIAF	Integrated System of Financial Administration (<i>Sistema Integrado de Administración Financiera</i>)
SPE	Secretariat of Strategic Planning (<i>Secretaría de Planificación Estratégica</i>)
TdR	Terms of Reference (<i>Términos de Referencia</i>)
UE	Executing Units (<i>Unidades Ejecutoras</i>)
UFD	Unit of Performance-based Funding (<i>Unidad de Financiamiento por Desempeño</i>)
UGEL	Local Education Management Unit (<i>Unidad de Gestión Educativa Local</i>)

Abstract

In 2014, the Peruvian Ministry of Education started the implementation of an incentives' scheme named Performance Commitments (CdD) to improve critical processes and achieve learning goals. This dissertation explains why this decision was made and uses the Kingdon's multiple streams framework (MSF) to understand the agenda-setting process. In the problem stream, it is found that low scores in standardised tests created a sense of urgency that motivated the implementation of a policy. The policymakers identified that the distribution of materials and teachers' contracts suffered from delays, and both critical processes must be performed opportunely to improve learning outcomes. Concerning the policy stream, the experiences of the Ministry of Economy and Finances (MEF) were the basis for designing a tool of incentives in education. The public entrepreneurs who had worked at the EUROSPAN and the Plan of Municipal Incentives used this expertise to design a similar mechanism at the Ministry of Education. Regarding the politics stream, the centralisation of decisions, the support from the ministers, the MEF's approval and the absence of opposition were factors that facilitated the CdD enter the government's agenda. The CdD represent a case of policy transfer within the state, from one sector to another.

Introduction

In 2014, the Peruvian Ministry of Education (Minedu) started the implementation of an incentives' mechanism named Management Commitments (CdG), then renamed as Performance Commitments (CdD). The CdD is a "tool of incentives that offers additional resources to the Regional Education Directorates (DRE) and Local Education Management Units (UGEL) against the fulfilment of educational goals, with the purpose of promoting results-based management in the education sector" (Minedu, 2020). It is based on monetary rewards, carrots (Bemelmans-Videc et al., 2011) (Salazar, 2018), that are given when goals are achieved (Appendix 1 shows the list of Commitments 2014). The resulting transfers go to organisations' budget, rather than individuals.

How and why the government decided to use carrots in education? What factors explain the selection of an incentives' mechanism in education? In this dissertation, the CdD is used as a case study to answer these questions. The focus is on the agenda-setting and the decision-making process.

In order to understand why and how the Peruvian Ministry of Education decided to implement the CdD, the dissertation intends to answer the following questions:

- a. What problems did the policy aim to tackle?
- b. Where did the idea of elaborating CdD come from?
- c. What social, economic and political factors contributed to the decision?

The empirical approach is qualitative and is based on interviews and documentary review. The data analysis is organised in the three streams proposed by Kingdon (1995). The public problem was addressed by policymakers given the low scores in students' standardised tests. Furthermore, delays in critical processes were identified and linked with learning outcomes. Regarding the policy stream, it is found that incentives schemes applied in the health sector to tackle undernourishment served as a reference to design the CdD in education. Concerning the politics stream, the Ministry of Economy and Finances was a central and powerful actor in the development of a top-down agenda-setting process, while other stakeholders show no opposition.

The main conclusions highlight the role of public entrepreneurs in the adoption of an incentives' mechanism in education. Ex-MEF professionals designed the tool based on the prior experiences of monetary rewards to regional and local governments. It is a case of learning from another sector, resulting in a policy transfer within the Peruvian state.

The rest of the dissertation is structured as follows. Section 1 describes the CdD. It includes the competences of the actors in the three levels of government of the Peruvian education system. Section 2 presents a literature review. Section 3 describes the methodological approach based on interviews and documentary review. Section 4 describes the problem, the policy and the politics streams. Finally, Section 5 concludes and presents a potential research agenda.

Section 1: Performance Commitments and the Peruvian Education Sector

The objective of the CdD is to “promote a better performance in the management of the DRE and the UGEL to provide educational services with opportunity and quality” (Minedu, 2020). The beginning of the school year with essential conditions was the purpose of the first version of the CdD in 2014, when the policy was named CdG (Sempé, 2017; Rivera, 2015). Then, the objectives included accelerating priority results and increasing efficiency in education management during the year. The CdD has been implemented since then until the present.

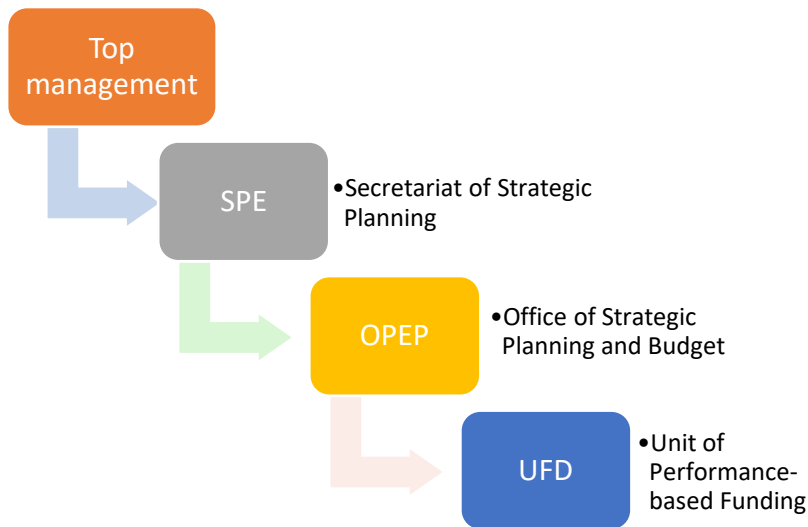
This tool aims to enhance the education management. Who is the responsible for it in Peru? The Peruvian state is unitary and decentralised. It means that the central government has a national scope and the decentralised entities adapt and implement policies in their territories. The Minedu in the central government coordinate with the DRE in the regional level and the UGEL in the local (Executing Units or UE) to deliver education.

The Minedu exercise the rectory of the sector and is responsible for the formulation of national policies, their supervision and evaluation (Minedu, 2015a). Therefore, the Minedu has the competence to formulate a policy such as CdD. It includes the definition of the commitments, meaning establishing the goals that must be fulfilled to receive the additional funds; the monitoring and the verification of fulfilment. It is also responsible for transferring the resources when the conditions are met, providing technical assistance and communication of orientations and results (Minedu, 2020).

In the ministry, the office responsible for this policy is the Secretariat of Strategic Planning (SPE). It has the function of “proposing and articulating the mechanism of performance-based funding to the decentralised institutions of education management” (Minedu, 2015a, article 22 g). Consequently, it was responsible for designing the commitments based on an identification of the processes that most affect the learning goals and filter the suggestions of the different offices, considering their relevance and feasibility.

The evaluation of the commitments’ fulfilment is the responsibility of SPE and, since their creation, of the Unit of Performance-based Funding (UFD) (Sempé, 2017). The UFD is “responsible for the proposal, coordination and implementation of methodologies and mechanisms of performance-based funding targeted to decentralised instances of education management” (Minedu, 2015a, article 27). It depends on the Office of Strategic Planning and Budget (OPEP) that is part of the SPE (see graph 1).

Graph 1. Offices responsible for the CdD at the MINEDU



Source: ROF (MINEDU, 2015). Own elaboration

The evaluation is made based on the reports of achievement that the UE sent to the ministry. The SPE approves the results of evaluations. Each commitment has a mean of verification. For instance, the commitment hiring transportation for the distribution of educational materials has forms that the UE fills when they formalise the contract in the Electronic System of Government's Contracts (SEACE) and the Integrated System of Financial Administration (SIAF) (Minedu, 2014b). The reports presented by the UE must contain these means of verification as evidence of fulfilment. Additionally, the ministry can verify with these systems the veracity of the information.

The technical assistance is "strengthening the capacities and abilities of the public officers of Regional Governments and executing units to coordinate the work and focus on results-based management to fulfil the commitments" (Minedu, 2014a, p.15). It is developed through visits of ministry's officers to the regions, organising workshops with the UE.

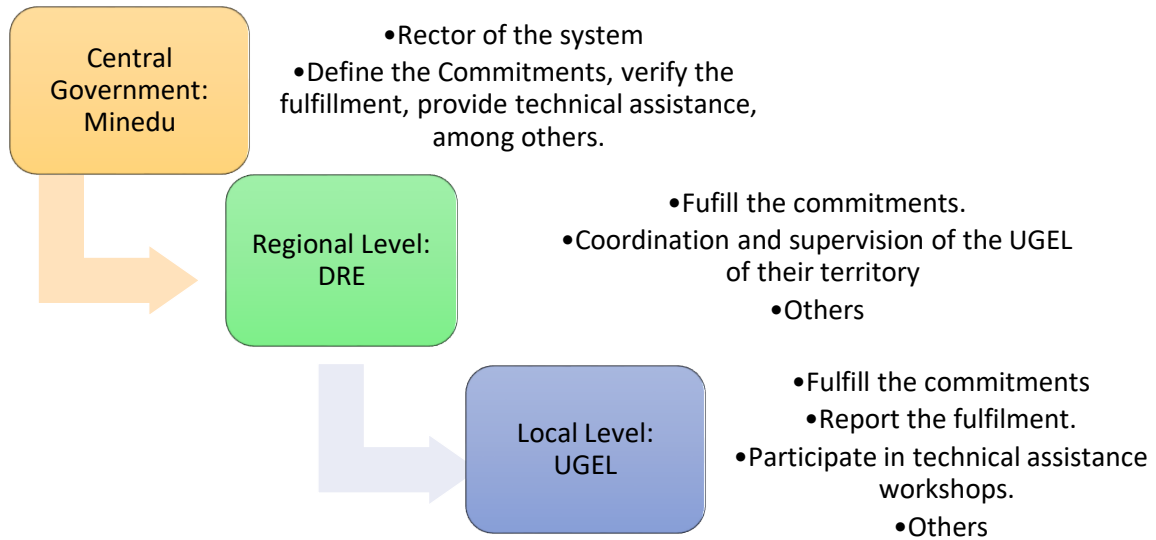
The DRE and the UGEL are key actors in the service's delivery. The Regional Governments (GoRe) lead the education management and define priorities in their jurisdiction, that are executed by the DRE. The structure of the DRE is defined by the GoRe. They contribute to the design and evaluation of national policies, implement regional policies, and supervise the UGEL of their jurisdiction (Minedu, 2015b). For instance, the DRE must distribute educational materials to the schools of their jurisdiction, acquire and distribute consumable materials (Minedu, 2016a).

The UGEL is an instance of the GoRe dependent of the DRE that is responsible for ensuring the continuity of the education service and supervision of schools for the adequate education service delivery (ibid.). One of their functions is "adopting the necessary actions to the effective and opportune distribution of material and educational resources" (Minedu, 2017, article 142d).

The UE must meet the commitments to receive the reward. The DRE has to coordinate, monitor and facilitate the fulfilment of commitments among the UGEL of their jurisdiction; participate in the meetings of technical assistance; and report the use of the transferred resources. The UGEL has similar functions: "fulfil the commitments, participate in the

technical assistance, meet the deadlines of intermediary evaluations, and coordinate with the schools of their jurisdiction to meet the conditions” (Minedu, 2020) (see Graph 2).

Graph 2. Functions and competences in education system



Source: Own elaboration

Section 2: Literature Review

2A: Previous studies about CdD

This section evaluates the contribution of the studies that specifically address this policy (state of the art) and identifies gaps. Sempé (2017) elaborated a balance of the implementation and results of the CdD as a mechanism of performance-based funding. The focus is on the implementation, identifying pitfalls, challenges or problems perceived by the specialists in the ministry and the DRE and UGEL. It evaluates the positive and negative effects, the pertinence of the technical assistance and the strengths and weaknesses of the policy. The document links the design of the CdD with the decentralisation process. This study identifies actors and describes the changes in the implementation of CdD.

The report of Paca (2014) is a systematisation of the first year of the experience that evaluates the CdD through the perceptions of their participants. It recognises the positive effects on better management oriented to results because the areas within the UE articulate their work towards common goals, but it also identifies some limitations or problems and makes some suggestions to improve the implementation (for instance, does not reduce the commitments to the beginning of the school year).

The National Assembly of Regional Governments (ANGR) made evaluations in 2014 (ANGR, 2014) and 2015 (Ruiz, 2015). These reports point out the percentage or level of achievement of the commitments, the regions which show higher fulfilment and recommendations about how to improve the CdD. One recommendation is assigning greater responsibility to the Regional Governments, a more active role.

The systematisation and evaluation of METIS GAIA (2016) describe the process, identify the achievements and obstacles, and suggest recommendations to improve the technical assistance and the instrument. It recognises that there is a high percentage of UE that fulfil the goals, the technical assistance contributes to the diffusion of the CdD, and the perception is positive, so there is a positive impact. However, some improvements can be made, such as allowing more flexibility in the use of the transferred resources, implementing non-monetary incentives or increasing the frequency of monitoring low-performance units.

Correa et al. (2017) use a quantitative methodology, a linear regression model to identify which variables explain the level of achievement. Their model uses the UGEL census, School census and other sources to select the characteristics of students, schools, DRE and UGEL, and macroregional effects that have an impact on the achievement of the commitments.

Moreover, there are theses about the CdD. García (2018) and Bendezú (2018) explore the effects (on people management) and the causes (implementation of the principles of results-based management) of the commitments' achievement. A lack of research about the decision-making and particularly about the agenda-setting is observed.

Lastly, Vera Tudela & Santa María (2015) starts describing the Peruvian education context where incentives' mechanisms were applied, including the results-based budgeting and the decentralisation. Then, it presents an economic definition of incentives, the background and the process of implementation stage by stage. Finally, it shows some lessons learned from the experiences.

The revision of these documents concludes that the main concern is the tool's effects. The studies, consultancies and evaluations include a description of the processes, identification of the main actors, analysis of the levels of achievement and the associated factors. They evaluate the impact, recognize problems or limitations, and propose suggestions. Consequently, they are centred on the design and implementation, but little attention has been paid to understand the selection of the policy. Therefore, there is a gap in the literature that this dissertation addresses, focusing on the agenda-setting process.

2B: Agenda-setting

In the policymaking process, the stage when a decision is made about the selection of the policy to alleviate a public problem is denominated agenda-setting. If the policy process is a journey, "agenda setting is to decide where to go" (Hill & Varone, 2016, p.165). Therefore, it is the first stage in the policy cycle. However, in the real world, the different stages are overlapped or are not organised as a linear process (Hill and Varone, 2016; Lindblom, 1991).

How does a specific issue enter the official agenda? Many issues are candidates, and they compete to enter (Takahashi & Meisner, 2013), but just a group of them are selected as problems that demand intervention. What explains that one issue becomes a public problem where is necessary to intervene? It is the object of agenda-setting studies.

Kingdon (1984, 1995) propose the joining of three streams as an answer: problem, policy and politics stream. Policy change "results of coupling problems, policy proposals and politics" (1995, p.19). Therefore, problems are not enough to explain the adoption of a policy. Some individuals are seeking problems to match with their proposals of solutions, justifications for their alternatives. Kingdon called them "policy entrepreneurs" and they make the agenda-setting possible taking advantage of a "window opportunity" when factors such as shifting in governments configure a scenario to introduce new policies. Thus, actors inside and outside the government play a key role in transforming proposals to tackle problems into policies.

The first stream is about problems. Facts are not problems per se. The definition of a particular matter as a problem that requires government's intervention is a social and political process. Problems are social constructs, defined when a situation is judged as problematic in the political sphere (Subirats, et al., 2008). In the definition of what issues deserves attention intervene the "perceptions of the actors, social representations, interests and values" (Hill and Varone 2016, p.166). Subsequently, multiple stakeholders imply multiple interpretations of the same situation. Then, problems emerge from this interaction.

The policy stream addresses the proposals to solve public problems. Where is the origin of the policies? Where do they come from? Policy entrepreneurs are the key to understand the proposals' origins (Kingdon, 1995). For instance, Young et al. (2010) study the agenda-setting of policies to increase reading skills and finds that governors are the key actors who present their initiatives to the community, including legislative decision-makers and the general public. The initiatives refer to standards, assessment and accountability.

The politics stream addresses changes in the political field. A well-known example is how the terrorist attack of 9/11 generates a political consensus on policies to ensure national security (Hill and Varone, 2016; Birkland, 2015). The fear influenced the public mood, increasing the demand for a change.

When these three streams are joined, the action of public entrepreneurs made possible the agenda-setting. Polsby (1984, p. 171) defines them as individuals “who specialize in defining problems and finding solutions”. They formulate ideas, provide technical support and build a symbiotic relationship with politicians. Politicians want to be associated with solutions and they hold the formal power to approve policies, so both actors benefit from each other (Roberts and King, 1991). According to Kingdon (1984, p.214), these individuals “invest their resources expecting a return for future policies they favour”. They “define and reframe problems, advocate new ideas, develop proposals, specify alternatives”, among others (Roberts and King, 1991, p.148) They introduce innovation in the public sector, developing new ideas that change the way in which public goods and services are produced (ibid).

Roberts and King (1991, p.152) identifies different types of public entrepreneurs. “A politician entrepreneur has a position in the government due to an electoral process. The executive entrepreneurs are those who hold appointed leadership positions in the government. Bureaucratic entrepreneurs hold a position in government, but it is not a leadership position. Lastly, policy entrepreneurs introduce policies working from outside the formal government system”. Which type of public entrepreneurs are involved in the agenda-setting of the CdD?

Another feature about agenda-setting is that the selection of the policy is made simultaneously and connected with their capacity to reach an objective. It is not that first select the objective and then the policy that best suits it. The choice is “among values and among policies simultaneously” (Lindblom, 1959, p.82 cited in Hill and Varone, 2016, p.169). Consequently, the study of the agenda-setting conducts to ask about the causal theory (Birkland, 2015): what are the causes of the problems and what alternatives are available to tackle those causes. It implies a rationale and values of the decision-makers that orient the definition of this causal relationship.

In conclusion, public entrepreneurship is a critical factor to explain the agenda-setting. Public entrepreneurs contribute to: Attract the attention of specific problems, link these problems with proposals of solutions (policies) and take advantage of the political climate (politics) to introduce their preferred policy in the agenda. They are perseverant and capable of identifying moments when a window opportunity is opened, promoting their solutions successfully.

2C: The value chain

Valdivia et al. (2018, p.31) identify that Saavedra’s administration (as minister of education) assumed a “conception of education as a process of production, conceived as a sequence of activities that add value to each stage of the chain, where the result is a consequence of a series of inputs and previous processes and where the quality of the result depends on the latter”. This conception finds its origins in Porter (1985), who explains that the stages as inbound logistics, operations and outbound logistics are part of a system where inputs are transformed into outputs.

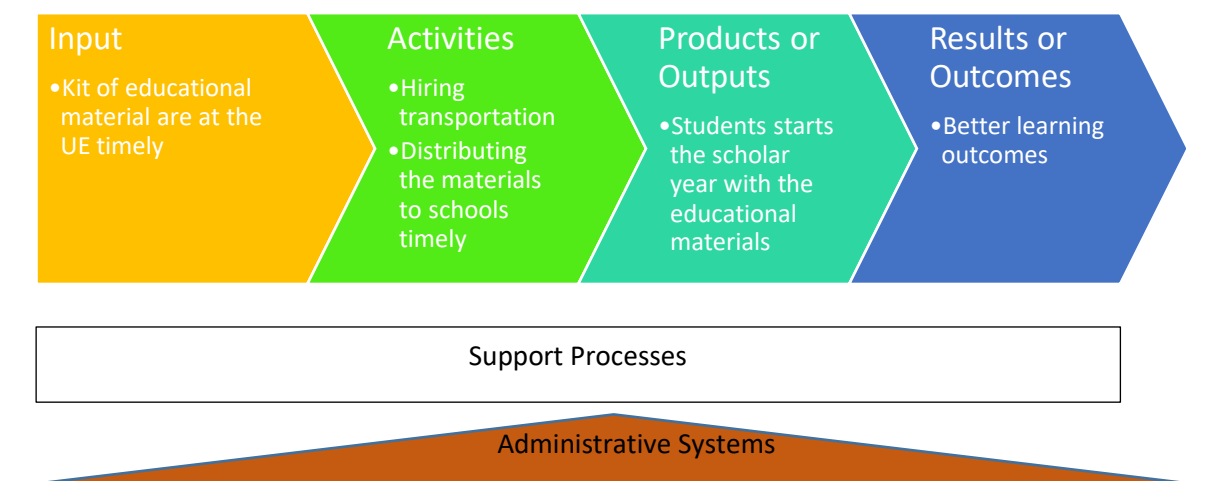
The conceptualization of public services as value chains is presented in the National Policy of Modernization of Public Management to 2021 (Secretaría de Gestión Pública de la Presidencia del Consejo de Ministros, 2013). It states that the results-based management uses this concept. It includes inputs, activities, products and results.

The “CdD are organized in the value chain of education, where the results are the desired change in the target population: to improve the students’ learning outcomes. The products are quantitative means to achieve results. They should have specific goals. Inputs and

processes are referred to internal activities of the DRE and UGEL, operative aspects of administrative and logistic character that are necessary to implement the priorities of the sector” (UFD - MINEDU, 2016, p.7). Consequently, the value chain is the “sequential and logic relationships that allow the identification of inputs, processes, products and results in which value is added across the process of change and transformation” (ibid).

For example, the final result is to improve the learning outcomes of basic education. To achieve it, the product needs to ensure the favourable conditions for the beginning of the school year. One specific product is students start the academic year with their educational materials. So, the distribution of the materials is the necessary activity which requires hiring transportation to do this job. This activity cannot be performed if the materials are not arranged to be at the UE previously. Therefore, there are stages connected in a chain to produce a result (Contraloría General de la República, 2013).

Graph 3. The value Chain of Education Service – Materials



Source: Adapted from Contraloría General de la República (2013).

The logic of value chain corresponds to “the precept of results-based management promoted by the NPM reform” (Valdivia et al., 2018, p.31). Moreover, it “assumes the convenience of incentives to the agencies responsible for executing the tasks and process across the chain. To improve the management, incentives are viewed as a necessary and efficient intervention” (ibid). NPM and incentives are analysed in the next subsection.

2D: NPM and incentives in the public sector: theory, research and previous experiences

Sempé (2017) categorises the CdD within the paradigm of New Public Management (NPM). NPM, according to Barzelay (2002), seeks solutions to management problems, better forms of administrations that conduces to improvements in the quality of delivering public services (Sempé 2017). The author stresses the business-like character of the NPM reforms,

oriented to improve efficacy and efficiency through treating the citizens as clients. NPM introduces practices and organisational forms of private sector in the public sector.

A central aspect of the group of reforms called NPM is the performance measurement (Hood, 1991; Tolofari, 2005; Ferlie, et al., 2008). This element is highlighted by Hood (1991, p.4) as a doctrine of using “explicit standards and measures of performance, by defining goals, targets and indicators of success. The reason is that efficiency requires a hard look at objectives”. A second doctrine points out “the emphasis on output controls, stressing results rather than procedures and linking the resources allocation and rewards with performance measurement” (ibid). Moreover, NPM is associated with a smaller and more efficient state, a government that works better and costs less (Hood & Dixon, 2015; Ferlie et al. 2008). Therefore, efficiency-driven reforms aim to achieve greater results with less resources (or at least the same). If the money is only allocated to agencies that achieve measurable goals, efficiency increases.

The CdD is an incentives' mechanism. An incentive “is a reward that is offered to either an individual or an institution for a behavioural change in favour of the direction desired by the agency that offers them” (Varghese, 2004, p.31). Varghese (2004) shows how incentives are introduced to motivate behavioural changes to improve efficiency in universities. Low performance and the need for using better limited financial resources drove their use. The evaluation is positive: incentives contribute to improving results.

Therefore, one reason to introduce incentives is efficiency (Burgess & Ratto, 2003). Measuring performance and rewarding for increasing it is an instrument to boost the efficiency of public institutions (Christensen & Læg Reid, 2016, p.1; Ferlie, 2017). Bleiklie (1998, p.94) states that when “public agencies face clear goals, incentives and sanctions, the efficiency will increase”. The author explains that the evaluation of performance against policy goals is what matters. If incentives works is object of debate. There are studies that recommend incentives to improve performance or motivate teachers to go to deprived areas (Wolff & de Moura Castro, 2000). However, according to Vegas et al. (2005), the use of rewards does not always have the desired results. While the experience of Chile and Brazil show a positive impact, the cases of Bolivia and Mexico exemplify that a better performance is not always achieved. The study of Damon, et al. (2019) state that incentives sometimes need to be complemented with other strategies to have a positive effect.

Aligning priorities is a second reason. Vegas et al. (2005) state that the interests of principals and agents can differ. The introduction of incentives will contribute to solving this divergence, making them work in the same direction. The principals can use a compensation structure to align the agents' interests to their own priorities (ibid).

The Principal-Agent theory is based on delegation: the principal delegate in the agents some responsibilities that they must achieve to receive the payment. The relationship is specified on a contract where both party's obligations and rights are specified (Guston, 1996). The contractual relationship includes rewards or punishments to guide the efforts of agents towards the organisational goals (Espinoza & Huaita, 2012).

Ferlie (2017), based Boston (2011), stress the relevance of contracts as a mechanism to precise the responsibilities of principals and agents. The assumptions of both actors can diverge if there is not a contract to align interests. The relationship is described as a low trust, so “where activities cannot be observed by the principal bureaucratic agents may “shrink” their responsibilities” (Ferlie, 2017, p. 7) or their effort was not enough (opportunism)

(Iacoviello & Pulido, 2008). It is due to the principal's limitations to supervise the agents on the territory to know their efforts.

Regarding the weaknesses, one critique to rewards is that they can modify the behaviour temporally, producing temporal compliance, but they are incapable of generating lasting change in attitudes, a commitment that persevere or continue after the end of the rewarding. It is because rewards damage intrinsic motivation, turn knights into knaves (LeGrand, 2003), so the extrinsic motivators can work for a moment, but their long-term effects are negative (Vegas et al., 2005; Kohn, 1993). Glewwe, et al. (2003), about the implementation of bonuses for teachers in Kenya, reports that the improvements do not persist when the incentives end (Vegas et al., 2005). Rewards do not always boost performance on the long-term and they are a way of control and coercion that limit creativity and innovation because they say what to do, narrowing the possibilities for taking risk (Kohn, 1993).

Another problem with the use of incentives is the risk of gaming (Vegas et al. 2005, p.4), a dysfunctional and undesired behaviour (for example, cheating when reporting indicators). The difficulties to measure complex concepts such as the performance of the DRE or the UGEL make gaming a potential problem. Lastly, when the desired results cannot be quantified or measured with precision and clarity, incentives cannot be applied (Dixit, 2002)

Incentivization is an NPM reform (Lapuente & Van de Walle, 2020). How NPM reforms are transferred? How they arrived at Peru? One explanation is international organisations introduce them. The World Bank, the International Monetary Fund (IMF) or other donors or lenders can disseminate or promote NPM ideas in developing countries, or condition loans to NPM reforms (Bresser-Pereira, 2001; Tolofari, 2005; Boston, 2016; Nickson, 2002; Guerrero, 2008). The Latin American Centre for Development Administration (CLAD) organised meetings to discuss about managerial reforms with the support of the Inter-American Development Bank (IADB) and other international organisms. In this forum, the discussion of ideas included how to adapt the NPM reforms to Latin American context (ibid). The CLAD published a document "A New Public Management for Latin America" where presented the characteristics of a managerial reform, including "the establishment of a contractual model between the central agency and decentralised agencies (...) sustained by quantitative goals that are defined a priori and evaluated later, defining also sanctions, rewards or other means for correcting errors" (CLAD, 1998, p.53). Moreover, the IADB financed the reforms in countries such as Brazil (Bresser-Pereira, 2001).

Regarding the international development sector, Eyben (2013, p.4) "seeks to uncover how the diffuse power of NPM shapes the design and evaluation of development projects and programmes through a discourse of 'results' and 'evidence'". She adopts a critical perspective about how donors impose artefacts of results -such as performance measurement indicators, payments by results or theories of change- and evidence -such as impact evaluation or cost-effectiveness analysis- in development projects. The author argues in favour of locally-generated change. Moreover, Clist, (2019, p.720) explains that Payment by Results (PbR) has been disseminated around the world and means that "aid is disbursed according to results achieved as measured against a pre-agreed tariff". The author tracked the implementation of PbR principles over a decade, starting in 2008 in a context of financial pressures, aiming to make the aid more effective.

Therefore, international organisations' influence is a first factor. A second possible explanation of policy transfer (Dolowitz & Marsh, 2000) is looking at the experiences of other

countries and drawing lessons from them. Chile and Brazil implemented NPM reforms earlier than Peru (Bresser-Pereira, 2001). Consequently, it is possible that Peruvian reformers take these experiences as references. The Chilean government defined a group of “targets and commitments that could then be turned into performance agreements or management contracts which would consider incentives and awards for good management” (ibid., p.12). In Chile and Brazil, the ministries of finance were key actors, which is a characteristic of NPM reforms (Bresser-Pereira, 2001; Ferlie et al., 2008)

The contracts elaborated within the principal-agent framework reveal the hierarchical character of NPM reforms (Ferlie et al., 2008). The agencies follow the strategy formulated by the principals in the highest positions of the government. “The Ministry of Finance or Prime Minister’s or President’s Office own the reforms rather than the spending departments, such as the Ministry of Education, and are imposed on public services at the field level in a top-down fashion” (Ferlie et al., 2008). Tolofari (2005) also points out this top-down style of implementation.

Interestingly, an instrument in Chile has the same name: Performance Commitments. Fernández (2008) describes that they are used to define the relationship between the Government and universities. It is based on a contract where the Government allocates funds against some performance indicators that must be reached by the universities. It is also applied in other countries such as France or Germany (ibid).

Hood (1991) and Polidano (1999) state that NPM claimed a universal character as a group of recipes that can be implemented everywhere. However, the universality is criticised by these authors and in practice reformers can adapt the wave of reforms to the national context. They can choose among a variety of elements, a “shopping basket” (Christensen and Lægreid, 2016; Pollitt, 1995). Thus, the application is not identical to the NPM pioneers. Local adaptations are observed (ibid; Tolofari, 2005).

Regarding the use of incentives in Peru, the CdD is not the first experience. Previous experiences are described in Vera Tudela and Santa Maria (2015), Sempé (2017) and Espinoza and Huaita (2012), who point out the Plan of Municipal Incentives (PI) was a Peruvian experience of rewards implemented since 2009. It represents a milestone in results-based management because it introduces monetary incentives that are allocated when the municipalities achieve goals.

This policy initially had the objective of incentivizing the improvement of taxes’ collection and budget execution on inversion (MEF, 2009). The goals were economic. However, the aim later turned into achieving growing and sustainable development of the local economy as well as the improvement of the management and the provision of public services provided by municipalities (MEF, 2014; MEF, n.d.) The rector of this strategy was the MEF, but it involves the participation of different ministries. One example of a goal is the elaboration of concrete commitments to invest in the infrastructure for the provision of alimentary services in the schools. It is in the scope of the Ministry of Social Inclusion (MIDIS).

Another experience of incentives was the Agreements of Budgetary Support that operated to administrate the funds of the Articulated Nutritional Program, named EUROPAN. The mechanism consists of the subscription of agreements between the Regional Governments and the MEF to transfer resources on condition that they achieve specific goals. There are management commitments referred to the flow of data, money and inputs through actors and processes of the line of production (Cordero & Salhuana, 2015; Delgado, 2013).

Another type of goals is related to the service's coverage to reduce chronic child undernutrition. Thus, there are indicators of coverage and results. The agreements imply a contractual relationship between the central government (the MEF) and the regional governments. One type of indicators is referred to as inputs, and the objective is unlocking the "bottlenecks". Thus, the logic is that there is a link between inputs and outputs (and, outcomes or results). It is a line of production. Therefore, the final goals are the results, and the inputs are critical because of them, not per se (Cordero and Salhuana, 2015).

Section 3: Methodology

This chapter describes the procedure followed to answer the research questions, the techniques and the reasons for the selection. The first section starts describing the approach. Then, a list of steps is presented, offering details about the research process, including how the sample was selected, and how the data was collected and interpreted. The reasons that explain the selection are presented across the section.

3A: Research approach

This dissertation uses a qualitative methodology because the objective is to understand the factors that motivate and explain the adoption of a policy in a specific context. There is no pretension of universalism or generalisation. However, the findings will contribute to the knowledge about agenda-setting process in a developing country such as Peru. The issue selected includes the subjective perception of the actors involved in the process (Bell, 2014). Thus, given the type of question (explanatory), a qualitative method results more adequate for this research.

The epistemological approach is interpretivism because the idea is understanding the social world, a naturalistic inquiry (Bowen, 2008), and the research involves interpreting the words of the participants. It is also constructivism because the policy formation and the decision studied are social constructs (Bryman, 2012).

For explanatory purposes, Yin (1981) states that the case study is an alternative. He recommends the use of this method for studying a phenomenon in their real-life context, in contrast to experiments that separate the object of study from their context. The case is about a contemporary event that can be studied by interviews. Yin explains that single-case research can be used to test a theory, and it includes a variety of techniques. This dissertation employs a single-case study as a method, and the techniques include interviews that are complemented with a documentary review.

Bell (2014) states that the case study allows a deeper understanding of a problem. According to Yin (1981) the main objective of it is to find a sequence of events that explain the occurrence of the phenomenon coherently, establishing the relationship between factors. It explains the selection of a single-case study as a method to address the agenda-setting of the CdD. The research strategy involves identifying the main events and their causal links.

3B: Steps of the research

According to Bryman (2012), the first step is to define a general research question. This dissertation addresses the agenda-setting process of a policy that sets incentives in the

education sector. The question is: why did the Minedu decide to implement the Performance Commitments? The second step is to define a relevant site and subjects. The site is the Ministry of Education and the subjects are the policymakers involved in the decision of adopting this policy. Therefore, the study is focused on the offices in the ministry related to the policy. The personnel at the Secretariat of Strategic Planning and the Unit of Performance-based Funding were selected as key participants in this process.

The selection is because Peru shows dramatic results in education in the years before the implementation of the policy. Thus, the study of one intervention to solve this problem is relevant to understand how decisions are made in this context. Moreover, the use of incentives is a debatable topic, and their use is spread in different countries. Therefore, understanding the reasons for their implementation contribute to the knowledge about the selection of these incentives' mechanisms.

The next step is data collection. The techniques employed in this dissertation are interviews with key actors that provide information about the agenda-setting. It includes policymakers who were in the position of making decisions when the policy was conceived and approved, the staff that worked at that moment and researchers who investigate the topic.

Regarding the selection of the sample, purposive sampling is applied to select the interviewees. Therefore, the research questions guide the selection. I will start with those who formally occupied critical positions in the Ministry, in the SPE and UFD, during that period 2013-2015. A document that listed the principal public officers responsible for the policy (Minedu, 2016b) and public information available online were used to identify these actors and then contact them, asking for an interview.

At the beginning of the interview, I asked for their consent to record the interview. Before concluding the interview, I asked them to suggest other informants who have valuable information that can be interviewed, using a snowball technique. The sample also includes three civil servants in the local level, who work at UGEL in one region, because it is relevant to explore if these actors participated in the agenda-setting and how they perceive the policy.

Table 1. Informants

Code	Informants' role	Number of informants
TM	Top Management: policymakers at the highest positions at the ministry	1
SM	Senior Managers: Chiefs or Head of Offices or Units	4
TE	Team's members responsible for the CdD: coordinators, analysts and specialists	3
DU	Directors of UGEL	3

Source: Own elaboration

In qualitative research the sample size is not so relevant because representativeness is not the objective. The aim is not to infer the population's characteristics based on a sample, but it is to provide a theoretical discussion sustained on an empirical analysis. The adequacy of the sample is the most important (Bowen, 2008). "An 'appropriate' sample is composed of participants who best represent or have knowledge of the research topic" (Bowen, 2008, p.140). That is why more attention is paid on the characteristics of the participants and less in the number of them. The number of interviews is 11.

Ideally, the interviewing continue until saturation is achieved. It occurs when the data is complete, meaning the persistence in the collection will not lead to new findings. It is the point when replication of the data is observed, and enough regularities have emerged (Bowen, 2008; Miles and Huberman, 1994). According to Bowen (2008, p.148), the data is considered "saturated when the same information is reflected in more than 70% of interviews and make sense with the prior research". This criterion is considered to identify the point when data saturation is achieved. However, some issues that did not reach this level of repetition are included when they make sense and are consistent with the interpretation and with other sources of information.

The interviews are semi-structured and explanatory. The advantage of it is that it refers to the specific topics and questions that the research aims to address, something that unstructured interviews are unlikely to achieve. Additionally, this type of interview admits some openness or flexibility to go more in deep or make new questions during the interviews, so it is not as rigid as the structured interviews. It represents a proper balance of openness and structure. These are the reasons why this technique is selected.

A topic or interview guide is elaborated with questions about the decision-making, how the policy enters the agenda of the Minedu. Therefore, the questions will explore how the issue emerges and when the policy started to be discussed, the problems that motivate the adoption of the policy and the external factors that contribute to the decision (social, economic and political). It addresses the influence of international organisms or public entrepreneurs and the possibility of inspiration in similar experiences in other countries or sectors, and the rationality of the policymakers, including viewing education as value chains.

The interview guide can be seen in Appendix 2. It was applied in the interviews that were recorded because it allows: The re-examination of the data collected, to pay attention to the interviewee without the necessity of making notes, to avoid forgetting important details and to make possible auditing by other people who want to know what people said (Heritage, 1984 cited in Bryman, 2012).

The interviews were transcribed and codified to conduct the data analysis. "Codes are tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study. Codes are usually attached to "chunks" of varying size – words, phrases, sentences or whole paragraphs, connected or unconnected to a specific setting" (Miles & Huberman, 1994, p.56)

The coding is made by selecting paragraphs or sentences. The first step is to label and group them according to broad categories or topics. This code is named open as it is descriptive. The second step is axial, and it is using more abstract categories to codify. The last step is selective coding, which consists in relating or linking the categories defined in the previous steps to build emerging themes (Bowen, 2008). An example of this categorisation can be seen in the Table 2.

Table 2. Coding of interviews

Extract	Open code	Axial code	Selective code
"... which are the strategic lines or critical processes that affects more the learning goals" (SM2)	Critical processes	Value chain	Problem stream

Source: Own elaboration

The coding allowed the interpretation of the data. The categorization of excerpts links different pieces of data to reach interpretations about the phenomenon studied. The information provided by the interviews and documents offers elements to understand the agenda-setting process. It permits the identification of the problem, policy and politics stream during the origin of the CdD. Excerpts are used to frame concepts that were linked with the theory, testing the hypothesis.

The interviews are complemented with documentary analysis. Triangulation was made using these different types of sources. The analysis contemplated "organising information into categories related to the central questions of the research" (Bowen, 2009, p.32). Thus, following the recommendation of Bowen (2009) about thematic analysis, the categories defined previously for interviews were used in this analysis. Documents such as newspaper articles; reports, systematisations and other texts that are products of consulting or evaluation process; minutes of meetings; academic papers; and norms are analysed.

The process includes "a documentary review, in which meaningful and relevant passages of text or other data are identified. The researcher should demonstrate the capacity to identify pertinent information and to separate the ones that are not" (ibid). It means that only specific parts are selected due to their relevance and pertinence, discriminating the irrelevant information. Therefore, the usefulness of the documents relies on the capacity to strengthen the findings of the interviews or formulate hypothesis that would be confirmed or rejected with interviews. This task increases the credibility of the findings.

The findings' chapter is organised in the three streams proposed by Kingdon, so it is possible to determine if the joining of these streams explain the agenda-setting of the CdD. The Multiple Stream Framework (MSF) is selected due to its use in many studies to explain how specific issues enter the official agenda. Consequently, this research has a theoretical contribution.

The last part is the conclusions. The data analysis, the interpretation and the theory conduced to formulate new knowledge about the agenda-setting. Here the main findings are highlighted dialoguing with the broader issues of public policy and management.

3C: Limitations and features of the research

As a single-case study, it is not possible to generalise statistically, which means establish knowledge that is applicable to a universe of cases. Thus, the transferability is limited due to the uniqueness of the selected case (Bryman, 2012). The analysis is centred on the specific characteristics presented in the context of the Peruvian public sector. Therefore, other countries may present another set of variables that make the findings not applicable.

However, it contributes to expand the multiple streams theory, showing how the Peruvian case fosters the theoretical knowledge about agenda-setting.

A second limitation is the subjectivity in the information collected. The data gathered from interviews is subjective. The condition of the interviewees as participants may bias their perception of the process. However, Bryman (2012) suggests that view the social world through the eyes of the people who are studied is part of the qualitative research. It is also important because the objective is exploring reasons, and their view is essential. Consequently, the internal validity is achieved, but the external is low.

Moreover, the credibility of the research is ensured by the triangulation of different sources of information and methods. According to Webb et al. (1966) cited in Bryman (2012), use more than one method to add greater confidence to the findings. In this research, the data gathered by the interviews is contrasted with a documentary review to get consistent findings.

Lastly, it is also not only the subjectivity of the interviewees that can bias the research. It is also the personal view and values of the researcher and their close relationship with the people who are being studied (Bryman, 2012). This dissertation tries to ensure confirmability (ibid) by showing clearly what the data is revealing and the connection with the research questions and theory. It is impossible to ensure pure objectivity, but the transparency and clarity during all the steps of the research contribute to the confirmability. Moreover, systematically data collection tackles the risk of distortions or selective reporting (Bell, 2014). However, it is still a disadvantage of qualitative research.

Section 4: Data Analysis: Findings

This section identifies the main findings that arose from the data, organizing them in the three streams of Kingdon's theory. The analysis of the problem stream reveals the learning goals were not achieved, according to the standardized tests. It motivated searching the causes of this dramatic situation. Bottlenecks in the chain were identified as factors that explain the delays in critical processes and, consequently, the poor results. The policy stream explores how the idea of elaborating CdD entered the Minedu. It finds that the professionals who worked at the MEF, in the EUROPAN and the Plan of Municipal Incentives, introduced this mechanism based on their previous experiences. The role of international organizations and experiences are also analysed. Finally, the politics stream describes the centralization of decisions and the agenda-setting as a top-down process where the Top Management of the Minedu supported the initiative, the MEF approved the norms that authorized and financed the mechanism, and other stakeholders did not oppose.

4A: Problem Stream

In education, the final result is the learning outcomes measured by standardized tests. A dramatic situation where many children were not achieving a satisfactory level. The policymakers tried to identify the associated factors. Among the reasons that explain these results, they found that critical processes suffered from severe delays. If inputs and processes in the chain such as the distribution of materials and teachers' recruitment were not performed opportunely, it was very unlikely that children learn. Data collection through a survey, a logic model and flow-diagrams to graphic the processes were the tools used to diagnose the problem.

1. The dramatic situation revealed in tests scores and its causes

Low learning outcomes were the main problem. Many interviewees agreed in this point. An economist at the Top Management of the Minedu said:

"The logic is ensuring the achievement of the outcome, the final result (...) it is not just the execution and the inputs. It is not just paying teachers or ensuring a text and a computer. I have to ensure that children are learning (...) ensure that the inputs have an impact on learning (...) That is why the emphasis on measuring learnings. When we arrived, there was a Unit of Measurement that evaluates children on second grade of primary. We introduced evaluations in fourth grade of primary and second of secondary level because it is the only way to know if our work has an impact on students' learning" (TM1)

The situation judged as problematic by the policymakers was that many children were not learning, and the improvement had been slow. The standardised test named Students Census Evaluation (ECE) of the year before the agenda-setting (2012) show that few students of second grade of primary education were reaching a satisfactory level: 15.9% in 2007 and 30.9% in 2012 in Reading Comprehension; and 7.2% in 2007 and 12.8% in 2012 in Mathematics (Burga León, et al., 2017). Moreover, in the PISA test, Peru reported improvements in their scores, but their position was worsened from position 60 (Mathematics), 62 (Reading) and 63 (Sciences) in 2009, to 65 in 2013, the last in the table. The local media reported these results emphasizing the achieved position: "the worst results, the last position" (Cabrejos, 2013; PERÚ21, 2013).

The publication of the PISA results contributed to opening an opportunity window. The dramatic situation of the Peruvian education was not something new as a report of the Minedu about PISA 2012 shows: “It is a common place to mention that education has serious problems. Indeed, the majority of Peruvians know that learning levels are low” (Guadalupe, et al., 2013). However, the action of the media conducted to reinforce the sense of urgency. Thus, the Minedu, during the years of agenda setting (2013-2014), had the learnings as the central goal, the priority and the main challenge that orients the work (ibid; Valdivia et al. 2018; TE2). Saavedra’s administration focused on showing better results (measured by the ECE) in the short-term. It motivates searching and implementing mechanisms to improve results and show efficiency.

The standardised tests could be criticised because students’ learning is a complex concept and it is hard to measure. However, there was a consensus about the idea that Peruvian education suffers serious problems and these indicators confirm it. The learning’s measurement evidenced that students had not been learning satisfactorily. Consequently, policymakers asked why. What explains the low scores? What can be done to improve these results? It is identified in the interviews:

“In learning outcomes, there have not been a constant and significant improvement and its causes were identified. We saw that many critical processes in the provision of the public services were not done efficiently and there were delays” (SM2)

The challenge was to identify the critical processes that affects learning outcomes, diagnosing the weaknesses and designing solutions. How was the identification of the problems in the processes that explain the inadequacy of the service’s provision?

The revision of the Budgetary Program PELA (Strategic Program of Learning Outcomes), the elaboration of a logic model to identify the factors associated with learning outcomes (based on evidence) and the data collection by ENEDU (National Survey of Educational Institutions) were tools to diagnose the problem, to identify what was wrong using reliable information (previously the information was self-reported, administrative records) (SM1, SM2, SM4). Minedu (2016b) confirms it and adds a monitor in seven regions to see the processes and identify problems, which was confirmed by one interviewee (TE3). What are the conclusions? Which factors were identified as critical to improve learning outcomes? The most reported factors in the interviews and included in the first version of the commitments were hiring teachers opportunely and distributing materials timely¹.

2. Beginning the school year with basic conditions: students without materials and teachers without contracts

The interviewees agreed on the fact that materials usually arrived late, and the teachers were not hired timely. Consequently, the problem observed is that the service was slow, and these basic elements were not present opportunely. Regarding the materials, the interviewees (SM2, TM1, SM3, SM4) and documents confirmed the problem. A report of the PELA informed that “provision of educational materials has improved, but it is still necessary

¹ Other aspects reported as problems are the pedagogical coaching, the infrastructure and the registration of information (specially in matriculation). In the case of information, it was a need of the Minedu to design policies or set other goals, not because of a direct impact on learning (TE3). Another problem was the budget execution: UE did not spend in the national priorities; the execution was low and inefficient.

the opportune distribution of them, with the purpose of ensuring its distribution to the students at the beginning of the school year” (SPE-Minedu, 2011, p.6).

The ENEDU 2012 identified and confirmed the problem: 65% of schools had materials since the beginning of the academic year. Moreover, only 0.6% of schools received enough and timely educational materials in good conditions. In some Amazon regions such as Loreto, Madre de Dios or Ucayali less than a half (50%) of schools had materials since the beginning of the scholar year. Furthermore, 0% of schools in these 3 regions received enough and opportunely educational material in good conditions (INEI, 2012). For this reason, a senior manager comment: “ENEDU was published and it reflects these problems such as hiring and the distribution of materials” (SM1)

Why does it happen? A senior manager comments that it is “due to difficulties in the elaboration and printing or the distribution of materials” (SM4). Thus, one explanation is that Minedu has problems or delays when printing the materials and distributing them to the regions. However, another reason was the UE’s practices: “the distribution of the materials is the responsibility of the UGEL, and it has resources to do it. But calling the principal or the APAFA (association of parents) is habitual, so that they can be in charge of the distribution” (TE3). The study of CGR (2015, p.54) confirms that “UGEL translated the responsibility for transportation to the principals of the schools and parents”. Moreover, one director of UGEL said that the problem was the lack of personnel and budget (DU3).

Another explanation was that the inexperience or lack of expertise in the contract process (TE3). This reason emphasizes the scarcity of personnel competences. This problem motivates to provide technical assistance. New consultants taught the UE how to do this process (TE3). Another informant commented the same issue: “one problem was that the Terms of Reference (TdR) were not on time. Thus, the technical assistance was oriented to teach the UGEL and the DRE on how to elaborate the TdR; and at the end of the technical assistance, they had a model of TdR to polish” (TE1). The Minedu’s assistance aims to accelerate the transportation provider’s hiring.

The second problem was that teachers’ contracts suffer from delays; the process was not concluded opportunely. The interviewees agreed on this point, commenting that contracts were signed in April, May or even later (TE2, SM3, TE3). Why are not teachers hired opportunely? A member of the team responsible for CdD explained that the resources are not transferred timely: “we did not have teachers hired because the executing unit (UGEL or DRE) did not have the resources on time” (TE2). Another explanation is that it was not a UE’s priority: “I hired you later because I have a lot of work now” (TE3).

It is a severe problem because it generates delays in the beginning of the scholar year or a low teaching performance: “we had teachers with a poor work environment because the delay of payment, without written contracts. They affect negatively the teaching performance and the indicators of children learning” (TE2).

Therefore, the distribution of materials and the teachers’ contracting presented problems that demanded an urgent solution, reported by a UGEL director and a senior management (DU3, SM1). The study of Alvarado et al. (2012) states that both processes are fundamental or essentials to improve learnings. Moreover, Minedu (2016b, p.3) states that “in 2013 (before CdG) an 88% of applicants to the Unique Regional Test were evaluated opportunely to hire teachers, while in 2014 the percentage rose to 97%. In 2014, 71.4% of schools had educational materials for their students in March”.

In conclusion, materials and teachers were identified as essential conditions. According to senior management, “there was enough evidence that the opportune beginning of classes and distributing materials opportune contribute to improving learnings” (SM4). The SPE-Minedu (2011, p.12) confirm “the importance of materials to improve quality of education, learning outcomes, based on international evidence”. Therefore, the SPE identified that without materials available at schools timely and teachers hired opportune, it would be unlikely that children learn. If these processes suffer severe delays, the schools were no starting the year with the necessary conditions to fulfil their mission (SM4).

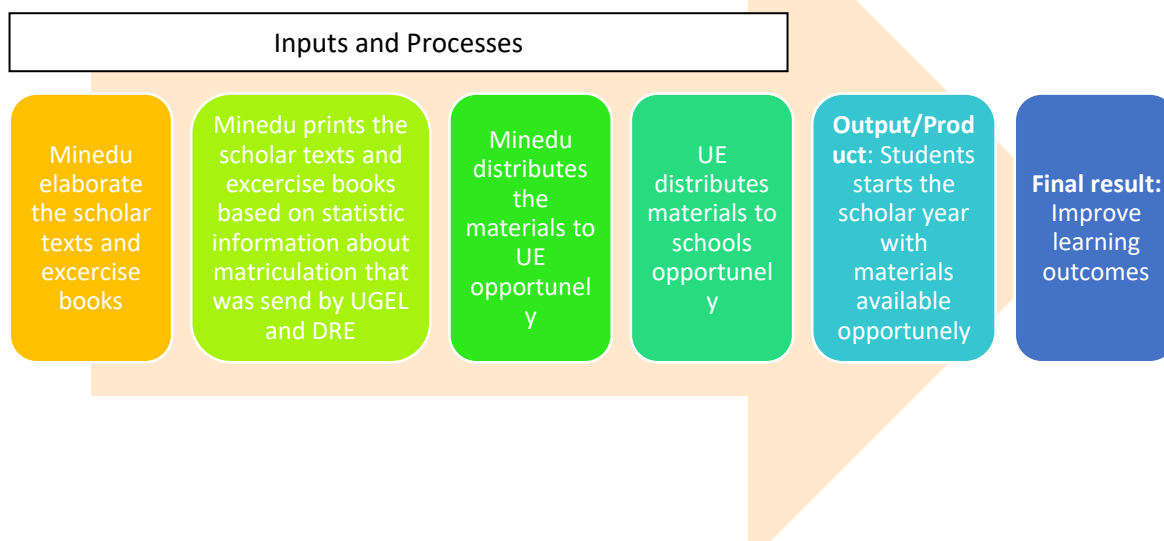
2.1 Linking critical processes to learning outcomes: the value chain

Learning outcomes had not been achieved, and critical processes had not been done on time. The concept of the value chain, or line of production (SM3), and the elaboration of flow-diagrams to represent the route of processes graphically (TE1, SM4, SM1) were the tools used by policymakers to link processes and outcomes. It allows the identification of the necessary inputs and steps that must be performed to produce an output and the bottlenecks that block the achievement of results.

An economist at the Top Management of the ministry described the process of distribution of materials as a value chain:

“The challenge was that the input arrives (...) actions were required and actors must do part of the chain and if someone did not do it, the input did not arrive. The easiest example is the distribution of the scholar texts. What matters is that the text arrives to the children. Thus, it starts writing and printing the text or the workbook. It continues with the transportation from the regional government to the UGEL, from the UGEL to the school, and the distribution to the children. Therefore, it requires that the ministry and then the DRE and the UGEL do a group of steps. If all the steps (the entire chain) were not performed, the input did not arrive” (TM1)

Graph 4. The chain of materials’ distribution



Source: Own elaboration based on interviews (TM1 and TE2)

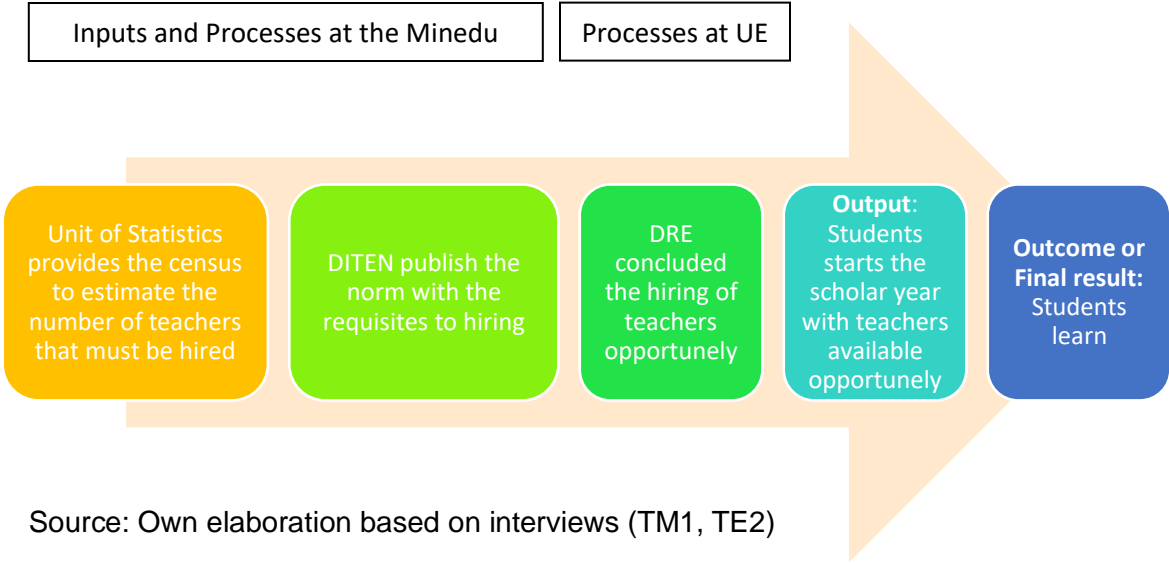
Similarly, the process of hiring pedagogical coaches or teachers can be represented as a chain. One member of the team responsible for the CdD commented on the need to have the norm on time, because it defines the requisites for hiring. Consequently, the Technical and Normative Directorate of Teaching (DITEN) must proceed timely. It was also necessary the information about the number of students to estimate the teachers required. The Unit of Statistics must provide this information opportunely. For example, if you need the norm to be published on 5th January, you need the statistical information of the census weeks before. With the input of the Unit of Statistics, the DITEN can publish the norm (TE2).

Therefore, the chain helps to identify what conditions or previous steps are necessary to permit the UGEL meet the commitment.

“Once you have these two or three tasks from these areas, only then you can ask the executing unit: do your job. Thus, you realize that even if the commitment was designed to be executed by the UGEL or DRE, we have tasks as ministry” (TE2)

Subsequently, the Minedu and the UE are co-responsible (TE2). The concept of value chain connects the inputs and processes at the ministry with the processes at the regions and localities, ending in the customer (the students).

Graph 5. The chain of hiring teachers



To sum up, the CdD entered the agenda due to a conception of the education service as a set of inputs and processes connected in a chain that make possible the production of outputs and the achievement of a final result. As showed in the chapter 2, many documents confirm the use of this concept (SGP-PCM, 2013; CGR, 2013; CGR, 2015; UFD-MINEDU, 2016; Minedu, 2016b). In terms of diagnosing, the value chain offers an explanation of the problems: materials and teachers were not at schools opportunely because someone did not finish their job timely or there is a bottleneck, a step in the chain that presents problems, generating delays in the service’s delivery.

4B: Policy stream

The policy's origin is found in other sectors within the Peruvian state. The stream of proposals came from the MEF with the experiences of professionals who worked at the EUROSPAN and the PI. They were the public entrepreneurs who introduced the CdD in the MINEDU's agenda, convincing the authorities of their approval. The international organisms are not a significant factor in this case, and the experiences from other countries are not as relevant as the national ones.

1. It worked on health, let's do it in education

The conception of the commitments started in 2013: "in July 2013, I entered Minedu because they were initiating (...) all the design of what later will be the CdG (...) and it was worked all July, August, September until December" (TE3). A document confirms it: "the tool was conceived from SPE in July 2013" (Minedu, 2016b, p.7). Thus, the CdG originated when Maria Elena Vattuone was Secretary of Strategic Planning. She entered at SPE in May 2013 and called two people who had worked for the EUROSPAN: Luis Cordero and Ariela Luna. Paca (2014, p.6) indicate that both professionals produced studies for SPE that included the proposal of a "mechanism to align the execution of entities with the value chain of public service, focusing on the management of the line of production, the articulation and the critical processes". Therefore, they were key players in the origin of the policy. The interviews confirm it:

"Mariela Vattuone, was designated Secretary of Strategic Planning and with her expertise and prior experience in the health sector wants to introduce this logic of incentives and she brought the creator of many logics in the improvement of public management: Luis Cordero" (SM3)

"It was done at the end of the Patricia Salas' administration. This mechanism was inoculated in the budget law. It was strongly supported by ex-MEF people, who were participating in the Results-based Budget, such as Lucho Cordero" (SM1)

These professionals were called due to their previous experience working with incentives at the MEF, reducing undernourishment with the program EUROSPAN. They had the know-how to design this type of tools. It was a critical factor that explains why the Minedu decided to elaborate a tool of incentives.

"We worked with Lucho and Ariela because they had experience working on incentives. They knew what things must not be done to avoid making the same mistakes that they had made, what things work, what things does not work" (TE3)

"In the team at the MEF, named Results-based Budget, there were two key people, two physicians: Luis Cordero and Ariela Luna (...) when I moved to Minedu, at the SPE, we had the idea of using the same type of tools to improve the level of learning that were stuck" (SM4)

Thus, the idea of elaborating CdG was born as replication or adaptation of what had been done on health from the MEF. The policy was conceived based on the prior experience of the policymakers who considered that the tools to reduce chronic childhood undernourishment (DCI) can work efficiently in education.

“It was born by the influence of the spirit of PpR, from the agreement between the regions and the MEF, the EUROPAN (...) the same people that worked at the MEF for health translated it to education (...) when it was translated to the Minedu, it was an adaptation of what happened from the MEF” (SM4)

“Lucho worked at the MEF where (...) There is a famous program, the PAN (...), and it is the first experience of a big scale in the logic of incentives. And what they did is coping the model to apply in education” (SM3)

“I came from working months at the MEF in the team called PpR. In that team, at the MEF, arose the PpR of chronic undernourishment. And to implement it, because the idea was to reduce chronic undernourishment in the country that have been high for many years, this budgetary program received the funding from the European Union. This project named EUROPAN consists on signing agreements with regional governments to allocate funds to fulfil commitments that allow the reduction of chronic undernourishment” (SM4)

Based on the successful experience of the EUROPAN, Mariela Elena Vattuone, Luis Cordero and Ariela Luna applied the same logic. It was “investing money in the causes that have direct relationship with chronic undernourishment: vaccines and breastfeeding, two or three variables. The procedure for delivering vaccines required: purchase, the technical health personnel recruitment, and many things. Thus, the establishment of agreements with regions ensured their commitment to the investment in these activities” (SM4). As explained above, the CdG were elaborated based on a logic model that identifies the variables that affect the learning outcomes and incentivize the investment in those critical processes.

The success in reducing undernourishment motivated the replication of the experience. One senior manager commented on the impressive drop of DCI in regions where it had been very high for years (SM4). The successful experience of EUROPAN leads to conclude that the CdG works well: “it was demonstrated that it works for the execution of policies (...) priorities of policies” (SM4).

The success was identified by Cordero y Salhuana (2015). EUROPAN generated improvements in management and increased the coverage of key services. They remarked that “it constitutes a validation of a mechanism to align diverse actors and management processes towards the achievement of a prioritised result” (ibid, p.12). Moreover, the DCI was reduced significantly, and it is an international reference (ibid.). Other studies agree with this positive impact, calling Cordero “the mind behind the data, who works tirelessly to analyse it and identify factors that influence the growth of children” (Marini & Rokx, 2017, p.8; Cruzado, 2012).

In conclusion, the EUROPAN experience served as a reference for the policymakers at the SPE. It consisted of the establishment of Agreements of Budgetary Support between the MEF and the regions to disburse funds, including Management Commitments refers to the flow of money, data and inputs to increase. Maria Elena was the executive entrepreneur who called two professionals who worked as consultants or advisors designing the CdD based on the experience in the health sector, in the PpR team.

2. Economists at the Minedu

The formulation of the policy started in July 2013, but “it was concentered in a normative instrument of public policy in January 2014” (Minedu, 2016b, p.7) with the approval of the Technical Norm. The approval of the Budget Law was in between, and it is another milestone. During these first months, the Minedu’s officers visited the regions and worked with them (TE3) and exposed the proposal in the Intergovernmental Commission (CI), an instance of coordination with decentralised agencies (CI, 2013, p.2).

At the end of October, there was a change in the administration: Jaime Saavedra replaced Patricia Salas as Minister and the officers at SPE changed. “Entered a new Secretary of Strategic Planning, new bosses” (TE3). Consequently, the personnel changed.

“Jaime Saavedra entered as Minister and with him entered many economists, who worked at different positions, mainly at SPE, many of them came from the MEF” (SM2)

Therefore, a second group of people came from the MEF but this time they were economists with post-graduate studies. This technocratic profile of the new professionals was stated in the study of GRADE:

“With the entrance of Saavedra there were changes in the composition of the professional profile in the Top Management and the heads of the principal areas of the ministry. Clearly, during the Saavedra’s administration technical professionals held key positions. They had an important presence of economists with experience in the management of the state -many of them came from the MIDIS-, with a solid academic background (...) with postgraduate studies” (Valdivia et al., 2018, p.27,28)

The Appendix 3 shows this professional profile of the people who held key positions at the ministry. It was described as follows: “this relative homogeneity in the composition of the directive positions and similar disciplinary background, facilitating the alignment and internal coordination based on a technocratic vision of the state and the public policies shared by those teams” (Valdivia et al., 2018, p.27,28). Therefore, this factor could contribute to reach agreements and implement policies faster.

The second arrival of professionals from the MEF meant a reinforcement to the vision of results-based management. Thus, the policies and tools such as CdD incorporated this approach. The formulation of this policy continued and consolidated with this group of economists. An economist at the Top Management describe it:

“There was an important team in the ministry that came from the MEF. And that team came with the vision of the PpR, of designing the budget and disburse resources against the fulfilment of results. Thus, it gave a logic that it is not only about the expenses or inputs, but the goods must also be on time and with the adequate quality” (TM1)

Among those economists, arrived Jorge Mesinas at the SPE. “With Mesinas, the first version of the commitments was finished. In January 2014, the ministerial resolution with the technical norm of the CdG was published” (TE3). He contributed to the approval of the

technical norm and brought a second experience from the MEF: The Plan of Municipal Incentives (PI).

“The idea came with these economists that came from the MEF and had experience in the implementation, and design of incentives at municipal level. That was a program that the MEF had. Replicate it for the education sector” (SM2)

“(Jorge’s) contribution in this first version was to close the technical norm (...) to polish it (...) Jorge entered because he worked on incentives at the MEF, on the Plan of Municipal Incentives. And he had extensive experience in it; therefore, he knew clearly what could work, and what could not” (TE3).

“It was more the experience of the MEF and their own tools of incentives. The Plan of Municipal Incentives was the largest, the greatest referent (...) In the case of municipal incentives, there are specific goals (...) and against the fulfilment there were additional resources to the budget of local governments” (SM1)

Overall, “the experience of the MEF serves as a referent” (SM1); specifically, the EUROSPAN and the PI. Both had been implemented since 2009. These prior experiences working with regional and local governments were the basis to design a tool of incentives at the Minedu.

3. Influence from abroad?

The CdD finds their origins in the MEF’s experiences. What about the international level? Is there any experience in other countries or a recommendation of an international organisation that influence the agenda-setting? Some interviewees said they do not know or do not remember (TM1, SM2, TE2, DU2). One senior manager remembered that the EUROSPAN implied that the European Union was the donor and there is an international literature about how incentives are introduced by the funding of international cooperation, as it has been mentioned in chapter 2, referring to the work of Clist (2019). Cordero and Salhuana (2015) stated that the Budgetary Support was a way of cooperation extended in Latin-America, and Nicaragua was the most well-known case, the model to follow (ibid., p.30)

However, this work does not state that applying Management Commitments was imposed by the European Union. One senior manager questioned the hypothesis that this international institution introduced the mechanism in the Peruvian government: “Actually, the EUROSPAN arrived after the tool was designed (...) as support. It is not that the European Union had designed something or had collaborated in designing something, no” (SM4). Thus, from her perspective, their participation was important but limited to financial support.

A member of the team responsible for the CdD agreed with this idea that there was no influence of international organisations: “All was here. There were no conversations with the World Bank or the IADB or nothing. All came from here. It was Lucho and Ariela that, based on the successful experience in health, were called to help, to see how we can make something similar in the sector. There were no consultants from abroad, or advice” (TE3)

Regarding experiences from abroad, one informant commented that “a literature review, a revision of experiences from other countries was done. Chile was a referent in education and the nearest experience. Finland and England were also referents” (TE1). However,

there was no precision about a specific experience that was transferred or served as a model. Another interviewee commented that international experiences were considered (TM1), but again there was no specific experience reported.

A senior manager confirmed the revision of international experiences: “If Lucho reviewed international experiences, he did indeed. Because he does not take one step without evidence. Therefore, surely, he reviewed. Which bibliography? I could not say” (SM4). Another informant complemented saying that for School Bonus (another tool of incentives), they reviewed many experiences because it was implemented in other countries (SM2).

In conclusion, there was no significant influence of international organisations. International experiences might be reviewed to see what works according to the international evidence, but it was not possible to identify one specific experience that was transferred and adapted to the Peruvian context. Subsequently, the policy was designed locally.

4C: Politics stream

Politics is about power relationships. This section explains how the decisions were made from the central government. The regional and local actors (DRE and UGEL) played a limited role, providing feedback, but mainly participating in the implementation stage. On the other hand, the MEF’s participation was determinant to obtain the financial resources required to implement the CdD. Their support in the approval of norms and the absence of opposition of other stakeholders made the agenda-setting possible.

1. Top-down agenda-setting process: Deciding from the centre

Centralism is a feature in Latin-American states (Nickson, 2002). In Perú, it has been a characteristic of the government and the education sector is not the exception. A study of GRADE describes it:

“The need of a greater prominence of the Minedu in the conception, design and implementation of educational policies, programs or interventions, that are executed and monitored directly by teams dependent more by the central entity than the regions. Under this conception, the UGEL appears as operative arms of the Minedu, and not as instances of decentralised management of the regional government” (Valdivia et al., 2018, p.32)

“The implementation of these policies and programs required necessary resources directly managed by the central entity. There has been an increasing in the budget (...) However, this rising has been accompanied by a trend to centralise these resources in hands of the Minedu” (ibid)

A senior manager agreed in this centralism: “when Saavedra entered, there was a recentralisation of the expenditures, of the decisions, of many things” (SM3). He added that this situation is different from abroad: “in other federative countries, the regions, departments, states have more autonomy. In Perú, there is a confluence of a unitary Republic where historically the regional governments are weak” (SM3). Pollitt & Bouckaert (2017) confirmed that while federal systems such as Australia have strong states, and Canada has strong local governments, in Peru it is not the case.

The interviews state that the agenda-setting and design of the CdD was a **centralized decision**, with limited participation of the UGEL and the DRE.

“There was no participation in the design (...) the goals were defined from the ministry. It is not that they define the goals. We define from the Ministry, applying the role principal-agent. (...) We, as principal, seek to signal the goals, the actions that must be realized by the regions, the agents, so they can fulfill them” (SM2)

“The rector entity defines the commitments. It is a ministry’s tool. Suggestions, and proposals of improvements from the regional governments were received. But the ministry always has the last decision about the incorporation of them” (SM1)

Therefore, the ministry, from their position as a rector of the system and principal, defined the commitments for the DRE and the UGEL, the agents. It was not a participatory or pluralistic process. It was a top-down and elitist agenda-setting of the CdD from the central government, with little or no space to negotiate the commitments. A senior manager explained that in the first version the technical norm was published and there were only few days to fulfill, so the UE must hurry on the fulfillment. It means no margin to questions and validations. The ministry usually receives them, but in that occasion, there was no time to incorporate them (SM1). A Director of UGEL confirmed that the process is centralized:

“Each year the ministry determines which are those performance indicators and set the goals. We are not consulted (...). It came directly stipulated by the ministry as the rector” (DU2)

Consequently, the participation of the UGEL and the DRE is neither in the agenda-setting, nor in the design. They receive the information and perform activities to fulfill the goals, so they are involved in the **implementation** stage:

“The participation of the UGEL is in the fulfilment of the CdD. As UGEL we tried to negotiate the goals, but in the offices of the ministry they said that these negotiations are not possible” (DU3)

“Mainly during the implementation. Meaning, we publish the technical norm and give technical assistance to the DRE and the UGEL. They participated in the workshops and they must do the necessary actions to fulfill the goals” (SM2)

Subsequently, the DRE or the UGEL do not participate in the definition of the CdD, but there was one socialisation where **feedback** and **validation** were received about which conditions the Minedu must generate, so the UE can fulfil the goals (SM2). Other interviewee stated that “the participation was not to design the tools, the design keeps inside the Minedu, but there was participation in terms of perceptions and what the regions need” (TE1).

Lastly, the interaction with the regions and localities was fundamental because the policy needs to be adapted to the diversity of territories. Therefore, the regional and local governments’ participation includes inform about the context, so the commitments can be adapted and respond to the different realities of the country, making them feasible (TM1, TE2, DU1). The interviewees agreed that the jungle is more complicated. In some amazon regions, there are problems with the connectivity to internet, or with the electricity (TM1, TE2). Consequently, the goals should be differentiated according to the region to establish feasible and fair commitments. Visiting the regions and a fluid communication make the Minedu aware of these differences, so this diversity can be included in the CdD.

2. Support from the top, from the most powerful player (MEF) and no political opposition (the Congress, the Regional and Local Governments)

Two ministers were in favour of the CdD. Salas' intention was aligning the regions' activities with national policies. When Saavedra entered, a second motivation was accelerating the results and showing them immediately. Valdivia et al. (2018, p.20) state that this administration "seeks innovate mechanisms of management-oriented to get visible results in the short term". One interviewee complements it saying that the administration wanted to show results soon and the indicators changed quickly and significantly with this intervention. For the people holding power, changing the figures was necessary to negotiate more resources, and Saavedra achieved it; the budget increased (TE1). Therefore, the Top Management at the Minedu had political reasons to support the policy.

However, more importantly was the support from one of the most powerful actors in policymaking in Peru: the MEF. One senior manager supports this claim:

"It worked because the MEF had been behind it, the MEF cared about it. In Peru (...) you have a very strong MEF that has an enormous influence not only on the administration and management of resources but also on the direction of resources. It is different from other countries. In other countries, each sector has more independence and autonomy" (SM3)

The MEF's influence is not the same in all countries. Pollitt and Bouckaert (2017, p.279) states that in the case of Finland, each minister has some levels of autonomy to manage their agenda: "Traditionally each ministry has independent responsibility for the implementation and control of laws and policies within their own sphere. So, although the Ministry of Finance may be, in some general sense, the most powerful ministry, it usually cannot impose its own programs in other ministries to the degree that has occasionally been possible in more centralized systems such as those in France, New Zealand, or the UK".

In Peru, the MEF's power is confirmed in studies such as Morón & Sanborn (2006) that called the MEF a "super ministry" and highlight the proactive power of the executive branch in the policy agenda, or Carranza, et al. (2007) that stresses the budgetary power of the MEF and their hierarchical relationship with other actors. Consequently, "convincing the MEF to transfer part of the resources directly to the logic of incentives" (SM3) was essential to get the necessary resources that the CdD required:

"It was associated with the greater resources that the ministry could get to implement different policies, the incentives among them, whereby we received this budgetary support to implement it" (SM2)

"The MEF put the lock with the Budget Law and the Supreme Decree that approved the tool, that must be approved by the MEF, initially" (SM1)

The article 19 of the Budget Law 2014 authorized the transfer to the regional governments' executing units of education to near 154 millions of Soles. The norm established that these resources will be transferred previous fulfilment of Management Commitments. The Commitments, guidelines and requirements will be defined in the ministerial resolution of the Minedu and will include at least the following activities (El Peruano, 2013):

- Hiring the transportation to distribute the workbooks and texts delivered by the Minedu and adjudication of the process of buying the consumable materials for the multigrade educational institutions.

- Application of the Hiring Teachers Test by the DRE of regional governments and the emission of resolutive acts through NEXUS by the UGEL
- Others

Source: El Peruano (2013)

Therefore, the CdG were approved through the Budget Law and the Technical Norm, approved by ministerial resolution (see Appendix 4) with the MEF's support. What explains this support? A first reason is because the logic came from the MEF, the use of incentives was an element of the PpR and this mechanism was similar to other experiences that are **familiar to the MEF**. A second reason was because of the **qualifications of the team** who designed it. The team had experience at the MEF designing incentives and had the adequate preparation.

"These tools (...) must be carefully designed by people who had experience (...) it is not so easy the approval of this type of tools in other sectors. There is not necessary the expertise. In the Minedu, we were many ex-MEF that had the experience and pushed and convinced and, then, the convincement came because of the results, definitely the things changed, they were accelerated" (SM1)

"The design is complex, requires a bureaucracy with a certain level of formation. And in the case of Minedu we were lucky that we had people with good formation, that came from studying their masters. We had a group of people that had adequate qualifications. And this combination of knowledge of the sector with knowledge of budget management allows doing it" (TM1)

Therefore, convincing the MEF and designing incentives were complex tasks that only a team with adequate competences can perform. The Minedu had this team who could think in the necessary flow of data, in the operation of sophisticated information systems that needs to operate efficiently to make the incentives work adequately (TM1).

A second reason that explain the approval of the CdG was the position of other actors. The Congress was a relevant actor because it approved the Budget Law. The Diary of Debates shows that the legislature did not assume an active opposition. Non parliamentary group opposed when the proposal was presented (Congreso de la República, 2013). The regions and municipalities gave suggestions and demand a sooner publishing of the norm in the CI. They suggested differentiating the commitments that the UE must fulfil, but they did not oppose to the initiative (CI, 2013). The type of the instrument helped: "Stick, no one wants the stick. People wants carrots, because (...) they are additional resources" (SM1). Therefore, the absence of opposition facilitated the approval.

Section 5: Discussion

As mentioned in the literature review, the CdD was conceived as a mechanism to improve efficiency and align the agents' interests (DRE and UGEL) with the principal's priorities (MINEDU). The performance was measured which is a typical characteristic of NPM doctrine (Hood, 1991), but instead of rewarding the results' improvement, the carrots are given when processes are performed opportunely. The distribution of materials or teachers' contracts are not the final result or the desired outcome, but the value chain indicates that inputs, processes and products were necessary to achieve the goal: to improve learning outcomes. Therefore, the workbooks, texts and contracts are not essential per se, but they are critical

to get better results. Subsequently, the Peruvian experience of implementing an incentive scheme stresses the results, but it also recognises and rewards procedures' goals.

The CdD rewards organisations responsible for critical processes (UE), a distinctive characteristic considering that most of the literature focuses on incentivising teachers (individuals) or schools' staff. Even though the investigation of incentives usually studies the (positive or negative) effects of its use, there is a scarcity of research about agenda-setting on this regard. Therefore, the findings of this dissertation fill this gap and contribute to expand the literature.

Following Kingdon (1995), the joining of the problem, policy and politics streams make it possible that public entrepreneurs at the Minedu included the CdG in the official agenda. The publication of the alarming PISA results contributed to open an "opportunity window", and the arrival of professionals from the MEF facilitated the approval (because of their expertise and experience), but rather than isolated events, the agenda-setting is explained as a process. In Peru, the government has been implementing incentives years before the CdD, so when people who have been working with these tools arrived at the Minedu, they decided that implementing them could have a positive result. Therefore, the previous MEF's experiences were the main factor. Subsequently, the Kingdon's MSF explains the agenda-setting, but the factors' relevance is not equal: the policy stream was the most influential.

This conclusion contributes to the agenda-setting of incentives' mechanism literature and the broader topic of the diffusion of NPM reforms. A significant group of studies highlight the relevance of international organisations to explain the adoption of these policies (Bresser-Pereira, 2001; Tolofari, 2005; Boston, 2016; Nickson, 2002; Guerrero, 2008). The imposition of the structural adjustment, for example, suggests the idea that Latin-American countries receive this foreign influence. Another factor is the policy-transfer (Dolowitz & Marsh, 2000), lesson-drawing (Rose, 1991) or policy-borrowing (Phillips, 2005) from one country to another, or among states (in federal systems). Some policies travel geographically from one place to another. However, the CdD's analysis stresses the concept of the transfer from one political or institutional setting to a different one. In this case, it was from health to education, from the MEF to the Minedu, and not from a foreign country to Peru.

The CdD's findings confirm the applicability of the concepts of Principal-Agent relationship, highlight the necessity of sophisticated information systems to measure the performance of public institutions with reliable indicators and stress the efficiency and the aligning of interest as drivers of NPM reforms. In contrast, this dissertation studies an incentives' mechanism that targets organisations (not individuals), reward processes (not outcomes) and was explained mainly but intra-national (rather than international) factors. These elements make this research original, advancing the comprehension of agenda-setting of NPM policies in developing countries.

Regarding politics, the CdD agenda-setting exemplifies that education policies in Peru do not always emerge as a Presidential initiative (Roca and Freyre, 2014), neither they are always result of international organisations and think tanks' incidence (Rodriguez, 2016). The public entrepreneurship is not always observed in the legislative arena -as many policies in US, and the University Law is an interesting case of this type in Peru (Chaccha, 2019)-. The CdD shows that a senior manager, the Secretary of Strategic Planning, could be a decisive factor as an executive entrepreneur when gaining support from the ministry of the sector (Education in this case) and convincing the MEF of financing the policy.

In conclusion, the CdD is a case of learning from another sector within the Peruvian state, rather than learning from abroad. This dissertation contributes to the agenda-setting literature because it concludes that even if many NPM policies in Latin-America are explained by international factors, some of them find their origin inside the country. This finding is consistent with the conceptualisation of NPM reforms as a “shopping basket” (Christensen and Lægneid, 2016; Pollitt, 1995). Policymakers select elements from these “basket” available at the international level, but the design is made locally. The national experiences gained in recent years must not be omitted in the policy analysis when trying to understand how a policy enters the government’s agenda.

Section 6: Conclusions

This dissertation answers why the Minedu decided to implement the CdD based on Kingdon’s Multiple Streams Framework. The first stream is about problems, where the learning outcomes were identified as the main concern, and the policymakers asked why they are low. The logic model, the causal theory and the international evidence indicated that materials and teachers must be at schools opportunely to achieve learning goals. However, the reports revealed delays due to bottlenecks in the value chain. The problem was diagnosed as a managerial issue: there were critical processes (distribution of materials and teachers’ contracting) that suffer from delays, generating poor learning outcomes.

Regarding the policy stream, at the moment of evaluating policy alternatives, incentives had proved to be effective in the fight against undernourishment. The expertise and know-how to design a technically convincing proposal of carrots were transferred from the MEF. The Secretaries of Strategic Planning played a leadership role as executive entrepreneurs in the policy formulation. The EUROPAN experience, first, and the municipal incentives, secondly, were the basis for elaborating a mechanism to reward the organisations responsible for those processes that had not been working well. These artefacts were not new, and international experiences played an informative role, considering the universality claimed by NPM. However, the design was locally produced.

Concerning the politics stream, the centralization of decisions at the Minedu allows a top-down agenda-setting where the executing units played a limited role, participating only in the implementation or providing feedback to incorporate the territorial diversity in the elaboration of the CdD. The support from the top (Salas and Saavedra) and the MEF were relevant factors to explain why the decision was made. With political support and without any opposition the CdG were included in the Budget Law 2014 at the end of November and in the Technical Norm in January.

With respect to other possible research topics, the risk of gaming is one aspect that should be studied in future research, which was mentioned by the interviewees. Any incentives’ mechanism implies a risk of dysfunctional behaviour in the service’s providers. If this risk is not analysed and mitigated, undesired consequences could result in invisible problems that affect the quality of the service. Another topic is the impact in the medium and long-term. The rewards in the short-term might be positive. However, the final objective is to change the culture of the public servants, so it is expected that they will develop an intrinsic motivation that makes them work hard on hiring teachers and distributing materials opportunely. Is this attitudinal change happening? Will the effects be sustainable if the external motivators are removed?

Finally, this dissertation opens the question about how many other policies could follow the same pattern. The CdD implies a policy transfer from the MEF. What other agenda-setting processes have the same explanation? When public entrepreneurs rotate between sectors, they translate their expertise in managing incentives' tools from their previous organisations to the new ones. Is the CdD an isolated case or does it represent a larger trend, a broader phenomenon? Another experience of incentives named FED (Fund to Stimulate the Performance and the Achievement of Social Results) elaborated with the participation of an ex-MEF professional (Ariela Luna) suggests the idea there might be more cases where these findings are applicable.

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Appendix 1: Management Commitments 2014

First term

- The UE has made the call to the process of hiring the transportation service to distribute the workbooks and texts delivered by the Minedu, and the consumable materials acquired by the UE.
- The UE had made the call to the process of acquisition of the kit of consumable materials defined by the Minedu.
- 90% of pedagogical coaches and trainers ratified by the UE had taken the initial evaluation in the Program of Formation and Certification of Trainers and Pedagogical Coaches.
- Insert in the System of Information to Support the Management of Educational Institution (SIAGIE) the full name, date of birth and DNI missing or not coinciding of at least 50% of students matriculated in 2013.
- The UE had realized the contract of the process of acquisition of the kit of consumable materials defined by the Minedu of at least 90% of the schools.
- Applying the Hiring Teachers Test by the DRE of the Regional Governments on the 19th January 2014.
- 80% of the teachers of the UE have the Resolutive Act signed, stamped and registered in the System of administration of vacancies - NEXUS ended the stage of regular awarding.

Second term

- The UE had realized the hiring of the process of acquisition of the kit of consumable materials defined by the Minedu of at least 90% of the schools.
- Applying the Hiring Teachers Test by the DRE of the Regional Governments on the 19th January 2014.
- 80% of the teachers of the UE have the Resolutive Act signed, stamped and registered in the System of administration of vacancies - NEXUS ended the stage of regular awarding.
- Others

Source: Minedu (2014b)

Appendix 2: Interview Guide

Do you agree with the recording of the interview?

How does the idea of elaborating Performance Commitments emerge? How it started and how the decision was made?

Which actors participate in the decision?

Did the responsible for this policy look at similar experiences in sector or ministries? Which sector? Can you describe that experience?

Did the people who design this policy look at similar experiences in other countries? Which experience? Can you describe it?

Is there any recommendation of an international organization that influence the decision of elaborating the Performance Commitments?

How was the participation of the UGEL or the actors in the regional and local level? Did they participate in the selection of the policy, in the decision? Or did they only participate in the implementation?

What social, political or economic factors influence the decision?

What problems aimed to be tackled with this policy? What was the situation before the CdD that wants to be changed? Are these problems in any previous diagnostic? Which one?

Did the people who elaborate the CdD have the conceptualization of the education services as value chains?

Is there anything you want to add? Perhaps the relation of the CdD with other policies or the impact of this policy.

Finally, the idea is exploring why this policy was decided instead of allocating the resources differently or continue transferring them without any condition. If there any information you want to add or a recommendation of any person who can be interviewed, please tell me. Thank you for your time and the information provided.

Appendix 3: The arrival of economists at the Ministry of Education

Name	Position (2013-2015)	Career/Profession	Academic Background	Prior Positions
Jaime Saavedra Chanduvi	Minister	Economist	PhD in Economics. Columbia University	Acting Vice-President, Poverty Reduction and Economic Management. Director, Poverty Reduction and Equity. World Bank. Executive Director at GRADE.
Jorge Manuel Mesinas Montero	Secretary of Strategic Planning	Economist	Master in Public Administration and International Development at Harvard University; and Master in Advanced Economic Studies at KU Leuven	Director at the Directorate of Quality of Public Expenditures at MEF
José Carlos Chávez Cuentas	Chief at the Office of Strategic Planning and Measurement of Education Quality.	Economist	Master in Public Policy and Management and Studies of Applied Economics at <i>Universidad de Chile</i>	Subdirector of Social Development, at the Directorate of Thematic Budget at DGPP at MEF. Chief of Social Sector at the General Directorate of Public Investment at MEF; and, consultant in PpR at the Directorate of Quality of Public Expenditures at DGPP at MEF.
Juan Pablo Silva Macher	Secretary of Strategic Planning and then Vice-Minister of Institutional Management	Economist	Master in Public Administration. Columbia University	Vice-minister of Policies and Social Evaluation at MIDIS. Director at the Directorate of Quality of Public Expenditures at MEF
Maria Antonieta Alva Luperdi	Coordinator of Results-based Management Tools. Then, Chief at the Unit of Planning and Budget	Economist	Master in Public Administration in International Development at Harvard University	Analyst at the Directorate of Quality of Public Expenditures at MEF
David Enrique Vera Tudela Traverso	Chief at the Unit of Performance-based Funding (UFD)	Economist	Master in Economics at <i>Universidad del Pacífico</i>	Senior Evaluation Officer & Director of Monitoring of Social Policies at MIDIS

Source: Own elaboration based on LinkedIn profiles.

Appendix 4: Timelines of the process of the CdD

The creation of the UFD is not part of the agenda-setting. However, it constitutes an effort to formalise and institutionalise the management of the tools of incentives at the Minedu, not as a short-term issue, instead of a medium or long-term policy. It was created with the modification of the ROF in 2015.

