

Scaling up note



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Peru - Management of Natural Resources in the
Southern Highlands Project (MARENASS)

The context

Peru is an upper-middle-income country with one of the fastest-growing economies in the region. In the last decade, the country more than halved its poverty rate, which fell from 59 to 24 per cent. Reduction was uneven geographically, however. In the rural areas of the highlands and the rainforest areas, poverty still affects about 53 and 43 per cent of the population¹ respectively, and particularly indigenous communities.

IFAD-supported country programme

Traditionally, the indigenous Quechua and Aymara communities living in the arid Andean highlands at an altitude of between 800 and 4,000 metres above sea level have been IFAD's primary target group.

Such communities host herders, small-scale farmers and microentrepreneurs who lack access to most rural services; as a result, the income they earn from selling their labour and limited assets keeps them below the poverty line.

In the past, remoteness from the main centres led these communities not only to economic and social isolation but also to a cultural and institutional hiatus that proved to be particularly difficult to fill.

¹ Instituto Nacional de Estudios e Pesquisas (INEP). 2015 (estimates from 2013).

Nine loans for a total of US\$145 million extended on intermediary terms until 1995 represent IFAD's main financial contribution to a portfolio of projects costing a total of about US\$281 million and directly benefiting about 170,000 families (Table 1).

This collaboration started in 1980 with a series of three supervised credit projects. Their impact was positive but also revealed some profound limitations of the approach to activity selection, design and implementation they were adopting, which created no space for the target group to be involved in project decision-making.² IFAD and the Government of Peru decided to overcome these limitations. The design of the fourth project – Promotion of Technology Transfer Project to Peasant Communities in the Highlands (FEAS, 1993-1999) – combined access to credit with the transfer of project funds to beneficiary organizations directly for the recruitment and management of the technical assistance (TA) of their choice. At the time, the structural adjustment programme was committing the government to major privatization efforts that also involved the extension system of the Ministry of Agriculture.

Less than a year after Executive Board approval of the loan financing FEAS in 1991, an unexpected shock almost derailed the project as the Agrarian Bank, the chosen implementing agency, was abolished together with all its rural branches. This forced the project team to rewrite the appraisal document, and return to the beneficiaries to determine under what circumstances they would agree to a revised design – one that called for their own contributions to finance a small share of the TA and all the business and farm investments that followed.³ The fact that the project did not finance the investments made it unique and led to the first remarkable outcome of the series of projects that followed: the leverage on family investments.

The demand-driven feature of FEAS – letting the target group choose, manage and cofinance the TA they desired – was extended to all seven subsequent interventions and expanded to cover all aspects of the project.

Given the importance of quality control in the scaling up of social process innovations, the country programme manager (CPM) was outposted soon after implementation of the first project of this innovative series commenced. This was 1995.

The scaling-up experience in Peru

From FEAS onwards, it was clear that financing in the form of loans, now on ordinary terms, was not the Fund's most valuable contribution to the country.⁴ Instead, it was the innovations that it helped identify, develop, test, fine-tune and, finally, mainstream in public policies and investments.

Key to this was the stable presence and the driving force of the in-country IFAD CPM, the project teams, and the leaders and professionals within government agencies and local think tanks such as universities and research centres that helped develop and fine-tune ideas together with the target communities.⁵

Table 1: Quick facts about the collaboration with Peru, 1980-2009?

First project	1980
Total number of loans	9
Financing terms	Intermediate until 1995 (5 loans); ordinary since then
Total project cost	US\$281 million
IFAD financing	US\$145 million
Directly benefiting	170,000 households
Main sectors	NRM, finance, business, community development
Last PBAS allocation	US\$25 million
Annual IFAD disbursement	US\$11 million
Annual budget Agro Rural (ex. agency, 2009)	US\$60 million
Annual total ODA (2009)	US\$1 billion
Annual GDP (2009)	US\$200 billion
Annual remittances (2009)	US\$2 billion

² See for example the completion evaluation conducted by the IFAD Office of Evaluation of the Credit for Small Farmers in the Highlands Project in 1988.

³ *An Independent External Evaluation of IFAD*. 2005. Full Report. Box 6, page 124.

⁴ Annual flows (US\$11 million) are generally very small if compared to the country's total annual ODA (US\$1 billion) and annual GDP (US\$200 billion) – see Table 1.

⁵ This particular feature of the country programme in Peru has attracted numerous studies and evaluations. The latest is IFAD's corporate-level evaluation, *IFAD's Supervision and Implementation Support Policy*, prepared by the Independent Office of Evaluation in 2013. Annex III, Country Case Studies, page 71. Please refer to the reference list for further details.

Box 1: How were limitations of past interventions overcome?

Projects were conceived as a way to organize resources – people, financing, physical structures, knowledge and relationships – around an idea, a model, that would help achieve a goal.

The overall goal, the vision to achieve, was shared within the country. It was based on values held both by the government and by IFAD. Both gave proof of their commitment to making it happen by ensuring stability to their relationship through the people they mobilized.

The delivery cost of projects was kept to a minimum – another value shared by the government and IFAD – and continues to shrink as the scale increases: the project management units (PMUs) were stripped down to the bare necessities and the vast majority of the resources made available by the project landed in the hands of farmers and their communities.

In addition to the commitment on both sides to “staying the course”, the key words for this success were, on the one hand, *stability* – of the people involved in the change process – and, on the other, *collegiality* – in the collective nature of the learning processes established for the purposes of scouting, testing and fine-tuning innovations that delivered compelling results.

Policy engagement and change were about getting decision-makers to look at evidence from the field and sanction what had created it.

How was scaling up achieved?

Ideas. Ideas stemmed from two main aspirations: one, to do better things; two, to do them better. The first one inspired the search for ways to increase the type, quantity and value of the assets available to poor farmers, while increasing their capacity and opportunities to use them profitably. The second inspired the search for ways to overcome the inherent limitations of development projects conceived in the 1980s. This aspiration led to a search for new ways of allying with the poorest.

These two aspirations led to a wide range of innovations. They all implied a paradigm shift that saw no turning back. The role of the project became that of co-investor in community (public) and family (private) enterprises, and the project “shared the risk” on a par with the other two partners. The project was turned into a political, learning, partnership and institutional space where the rules of engagement were established along with the roles, responsibilities, rights and duties of three main partners: the family as an entity pursuing private goals; the community as an entity pursuing public goals; and the temporary enterprise of the project, public in nature but acting as an independent entity, one that would make resources available to help pursue those goals.

Over time, the projects made room for a fourth partner: local government. Thanks to the decentralization laws and ample investments in building their capacities, local governments were able to play an increasingly stronger role in support of the development of their territories and the communities living there. Project staff then slowly confined their contribution to a more facilitating and less hands-on role, while overseeing the quality of the scaling-up process.

Main innovations introduced within the IFAD-supported country programme in Peru

Many are the innovative features characterizing the country programme in Peru. However, the following are those that have reached the highest level of maturity and, based on the evidence collected, also replication nationwide and abroad.⁶

The *Pacha Mama Raymi* methodology

The *Pacha Mama Raymi* methodology rewards the families/communities that have best adopted technological improvements (for example, in natural resource management [NRM] or irrigation). *Pacha Mama Raymi* means the “feast of Mother Earth”, a name that echoes a celebration deeply rooted in the cultural traditions of the Andean people in the Southern Highlands. The methodology aimed to combine the

⁶ For example, the *Pacha Mama Raymi* methodology along with the concept of the *comité local de asignación de recursos* (CLARs) were replicated, after adequate adaptation, in Bolivia (Plurinational State of), Ecuador, Colombia, Viet Nam and Rwanda.

festive event of the public celebration of Mother Earth with that of a public competition among farmers, at the end of which the families showing the best technological adoption won a prize. The sense of pride and social merit that arose from participating in these feasts, more than the prize itself, motivated families not only to cofinance the TA they needed to learn the technological improvement but also to finance entirely the investments enabled by the knowledge they acquired. The methodology was developed in Peru in 1986 by a European Union rural development project – PRODERM – for which the IFAD CPM had been co-director.⁷ The *Pacha Mama Raymi* methodology led to other innovations such as:

- **transfer of public funds directly to community organizations** to cofinance the recruitment of TA providers of their choice
- **development of a local market for private TA** as a key mechanism for dissemination of knowledge.

Public competitions (*concursons*)

Organization of *concursons* among potential beneficiaries whereby they prepare and present investment proposals for consideration by an independent jury (the local resource allocation committee or LRAC (the Spanish acronym, CLAR – *comité local de asignación de recursos* – is more frequently used).

This innovation derived from the previous ones: in addition to financing TA, projects started contributing to the actual investment costs, sponsoring about a fifth thereof. However, the allocation of public funds to finance private enterprises needed a special model that would guarantee accountability and transparency, and avoid elite capture.

The system of public competitions judged by respected local people helped deliver that model. The jury is composed of local people who are well respected by the entire community because of their knowledge and integrity. As all their decisions are taken in public, they act in a very transparent and accountable manner and thus avoid conflicts.

The system works as follows: the CLAR awards a prize to the best proposals submitted by families or communities. These proposals are considered the best in terms of economic and/or social returns measured on the basis of publicly agreed criteria. The prize represents the first tranche of the project's co-investment in the winners' proposals. If the winners deliver results within the agreed time frame, they are rewarded with a second tranche – of the two, this is the larger one. Also, results are reported publicly so that the entire community can verify them.

Promotion of active economic citizenship rights

Promotion of active economic citizenship rights for all, starting from the most vulnerable such as rural women, particularly indigenous women, and offering them a package of support that helps them exercise those rights – identity card issuance, microbusiness registration, microinsurance product diffusion (particularly life insurance) and a financial savings programme.

This innovation arose from the realization that without an identity card or the registration of their small businesses, the poor are unable to access a wide variety of opportunities and services made available by both the private and the public sectors. Without an identity card, they are unable to open a bank account for their savings. Loan protection insurance can help reassure banks about the solvency capacity of small-scale farmers, while inexpensive life insurance can help a vulnerable family withstand the loss of an income earner – the main reason a family falls below the extreme poverty line in rural areas.

⁷ For more details on the history of the methodology, please refer to the website of the NGO Pachamama Raymi: <http://www.pachamamaraymi.org/history-proderm-peru>.

Key spaces

The most important spaces for the scaling-up experience in Peru were the learning, partnership, and institutional and organizational capacity spaces.

Learning spaces

Turning the country programme into a laboratory meant creating a very structured way in which knowledge was collected, analysed, systematized, shared and fed back into the innovation process. Learning was the aspect that was consistently paid the most attention.

For this purpose, the country programme was able to benefit from three stable groups of professionals who interacted with one another regularly and helped close learning loops.

As project teams were stable, the knowledge they had acquired during one project helped continue the scaling-up process with the next one. When project staff were integrated within the government ranks and became leaders of teams therein, their experience and knowledge could then continue to be translated into mainstream policies and programmes.

It is important to highlight that project teams and IFAD's implementation and direct supervision arrangements proactively created a learning and leadership space, and supported a "learning by doing" culture, flexibility and openness to change.⁸ This process was fostered by: (i) the experience gained from projects implemented in the 1980s; (ii) the broad availability of socio-economic studies on the situation of small-scale farmers and the Andean context; and later (iii) IFAD's presence in the country, through its Lima office, and the continuity of the CPM responsible for Peru since 1985, which made it possible to lend solid support to project operators and ensure continuity in approaches and dialogue with the country's authorities.⁹

Partnership spaces

The right arm of the scaling-up strategy adopted in Peru was PROCASUR, a social corporation, now global, specialized in helping home-grown innovations to reach scale. The learning route methodology pioneered by PROCASUR ensured that expanding geographic coverage became a smooth process. New communities would participate in knowledge-sharing events and become protagonists of a shared vision, going home with an innovation plan aimed at replicating what they saw during the learning routes.

PROCASUR was fundamental in creating and systematizing knowledge about what works, what does not work and why, along with PREVAL, a regional platform of experts that helped build evaluation capacity in Latin America and the Caribbean. PREVAL helped, in particular, establish well-functioning M&E systems.

Institutional and organizational capacity spaces

Linked with learning and partnership spaces, capacity spaces were a constant focus of the country programme. Capacities to manage resources and investment projects needed to be established within communities, the project teams and the municipalities that increasingly became vested with this responsibility as a result of the decentralization laws. The stability of the project and the consultant teams made sure that these investments remained with the scaling institutions – the executing agency and its field offices.

The **policy (and legal) space** had to be created early on in the innovation process to allow public fund management by private citizens and enterprises – individual community members, groups or businesses (Box 2). Once the solution had been found – labelling IFAD-funded projects as "social projects" (similar to cash transfer programmes), although they were actually implemented by the Ministry of Agriculture –

⁸ Linn, J., and C. Sourang. *Monitoring and Evaluation and Results Management for Scaling Up at IFAD*. Background Paper to Scaling up Programs for the Rural Poor: IFAD's Experience, Lessons and Prospects (Phase 2). Draft.

⁹ IFAD. 2004. *Innovative Experiences of IFAD Projects in the Republic of Peru*, Thematic Evaluation, Office of Evaluation. Rome: IFAD.

implementation was smooth, although not completely immune to government agency restructuring and the adjustments that this necessarily implies.

Finally, all the investments made in evaluation, knowledge management and impact assessment have benefited the creation of policy spaces. The impact of new procedures needs to be evaluated before the Ministry of Finance approves the entry of any project into pipeline. This facilitates the models that IFAD has supported for twenty years now.

Box 2: Opening up policy spaces

The introduction of innovative elements would have been impossible without an implicit premise allowing for shared decision-making power between the government and campesinos and their organizations.¹⁰

This power-sharing arrangement constituted the backbone for the creation and maintenance of political space for the country programme in Peru. The Development of the Puno-Cusco Corridor Project (CORREDOR) was the first to legally address the political space dimension by adapting implementation to decentralization policies, which it did by adopting an implementation modality called *núcleo ejecutor central* (NEC).

In the early 1990s, FONCODES¹¹ (the implementing agency for CORREDOR) introduced the term *núcleos ejecutores*¹² to define a purposely established community organization that would receive government funds to implement projects. This embraced the basic principles of the demand-driven approach applied by IFAD-supported projects, whereby projects were identified and proposals prepared by the local communities themselves, with some technical assistance from the local FONCODES offices. Projects were then ranked according to a number of technical criteria, and the best among all local projects were selected and financed. This procedure maintained competition and project quality, while guaranteeing that projects selected met local needs and desires.

In order to transfer resources from the PMU to the *núcleos ejecutores*, the government established CORREDOR as a NEC, a private endeavour fully embedded within the public administration through two laws (Law 015-96-PCM and Law 020-96-PRES). The NEC provided the institutional structure to channel public resources to private citizens and organizations. The CLARs provided the system, guaranteeing the necessary transparency and accountability to the allocation process.

The NEC modality allowed the PMUs technical, managerial and financial autonomy, while fully embracing the principles of the Paris Declaration, which rejects “autonomous PMUs” conceived as entities separate from country systems.

Key drivers

The most important drivers for the scaling-up experience in Peru were the project teams and their leaders, and the learning groups that worked as local champions of shared values and visions. However, positive external catalysts created a conducive environment for change as well, while a system of accountability and incentives made sure that the persons and institutions involved stayed the course.

Leaders. Stable and capable project teams, well-embedded within public administration and supported by key government officers, worked as local champions and provided the leadership that the scaling-up process required, in addition to the key role played by CPMs. Approaches and *modi operandi* were maintained over time. Basic principles and ideas inspiring the entire country programme were brought forward, enriched with the newly acquired experience and following a vision that developed organically with the country’s transformation. In scaling-up terms, the new country team guaranteed that IFAD “stayed the course” until the ultimate goal had been achieved and proceeded in a way that was familiar to country partners.

External catalysts. The desire for change expressed by local champions in the late 1980s found fertile ground in the country, which at the time was facing internal conflict and was committed to a structural adjustment programme. Given the limited level of security, on the one hand, a project delivery strategy that

¹⁰ Massler, B. 2010. Scaling up Institutional Approaches, A Case Study on IFAD Operations in Peru. Working Paper 2. Draft.

¹¹ Fondo Nacional de Cooperación para el Desarrollo Social (National Cooperation Fund for Social Development).

¹² The NECs are legally recognized entities and thus are able to sign contracts, intervene in administrative and judicial procedures, and carry out all other functions required to execute funded projects. They are responsible for: (i) maintenance of separate and specific accounts for managing programme resources; (ii) maintenance of proper records; (iii) accountability regarding the use of programme resources; and (iv) preparation and submission of financial information required (FONCODES, 2004).

would allow staffing requirements to be kept to a minimum was regarded as highly appropriate. On the other hand, the government's vast privatization efforts involved many sections of public administration, including the extension system of the Ministry of Agriculture, which was being dismantled. Thus, the idea of improving the quality of extension messages, in general, by letting the target group source them from private suppliers did not meet any resistance. Steady growth rates ultimately created the fiscal and financial space for the government to take out loans and increase its counterpart funding share. Now, local governments, thanks also to mining royalties, are able to cover most investments and IFAD is a minority financier.

Incentives and accountabilities. The role played by the government was fundamental in guaranteeing the continuity of the project teams. The government agreed to staff the PMU with professionals recruited from the labour market through open and transparent competitions, hiring the most competent, the most committed professionals who spoke the language of the target group, possibly came from the same areas (mostly the highlands) and were ready to place the target group at the centre of the project's decision-making. Their sense of accountability had to be towards the target communities rather than the implementing agency. These professionals had to commit to the project by remaining until its closure. The government committed to retaining them and they remained not only with the country programme but within the implementing agency, the scaling-up institution. As a result, their careers were securely anchored to the performance of the projects.

On the side of the communities, projects guaranteed their buy-in by delivering quick results – funds that would enable them to pursue their aspirations, whatever they may be. The first tranche of financing given to the winners of *concursons* ensured their commitment to deliver results and obtain the second tranche of financing. This demonstrated to the winners and the rest of the population that the project was serious about the transformation it was promoting in their community and was thus believable.

Pathways

The catalytic effect on community investments obtained by the first project, FEAS, through the use of the *Pacha Mama Raymi* methodology to accelerate the adoption of improved technologies, shaped all seven subsequent IFAD-funded projects. Each was the continuation of the previous one. Each fine-tuned previously tested models and added new features or models in a very systematic manner (Figure 1).

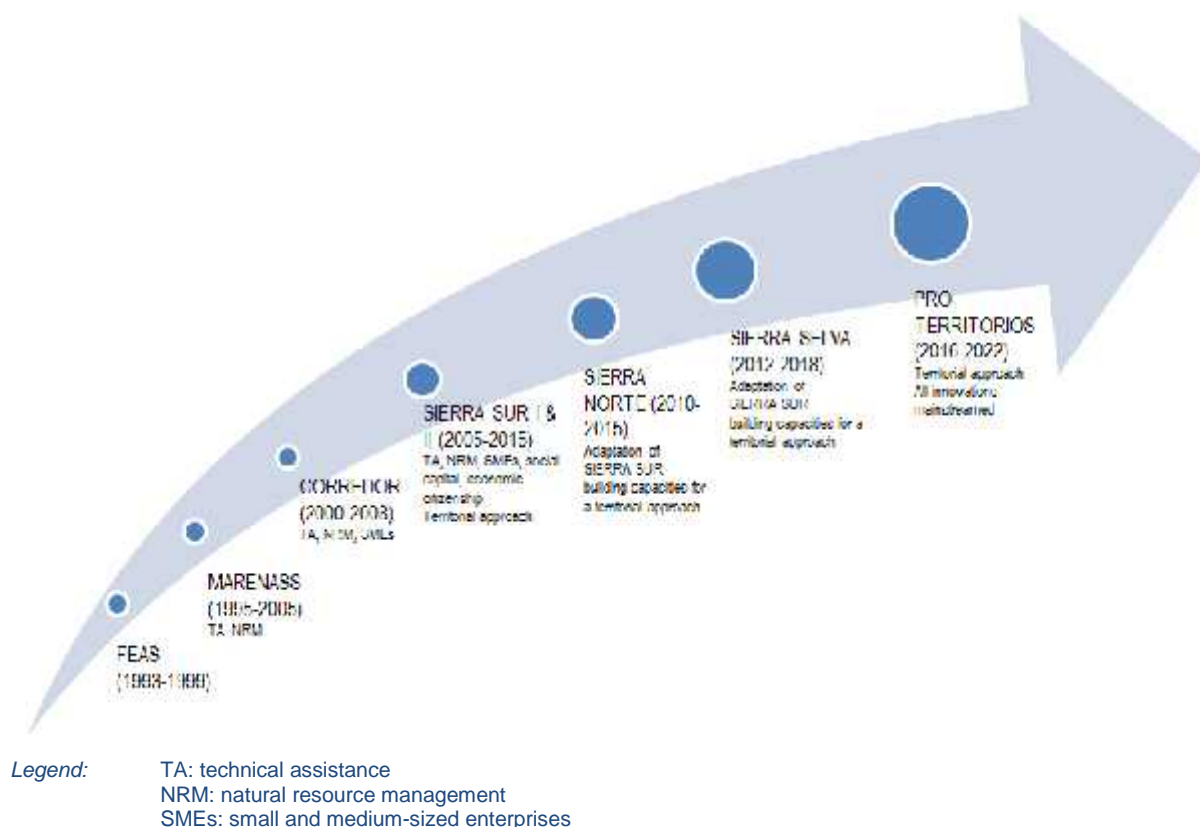


Figure 1: Sequence of projects and groups of innovations introduced/scaled up

While FEAS introduced the private TA model, MARENASS (1995-2005), the second project of the series, also offered cofinancing for the target group's investments in NRM. MARENASS was originally designed in essence as a conservation programme that aimed at introducing better practices (NRM), while also giving full scope to the communities to assert their own priorities. About a year after start-up, however, management found it difficult to implement a project with seemingly conflicting goals and methodologies. How could the communities be induced to want what they ought to want? The programme was, as a result, subjected to community vote. The communities gave lower priority to conservation of common lands and higher priority to improving their own homes, orchards, lands and small irrigation systems. It was unnatural for them to start working on the common lands while their own homes and small parcels of land needed betterment. The project management and the CPM concluded that the potential benefits of empowerment were considerable and that the communities' decision should be respected. Their decision proved correct. By converting irrigation from a hard-to-deliver public good into a private good, the project increased the number and value of home and farm assets that were for the most part self-financed.

CORREDOR (2000-2008), the third project, introduced the idea of concentrating on a regional economic zone as an anchor for its inputs and adopted the CLAR tool (Box 2) to co-invest in the target group's projects in both NRM and small and medium-sized enterprises (SMEs). The focus on the urban-rural flows in the corridor proved a winning recipe, and the government started to adopt the concept of economic corridors in its own development strategies and programmes along with other ODA partners as a result.

With SIERRA SUR I and II (2005-2015), the intervention model was enriched with the concept of increasing the social capital of the SMEs by providing specialist support in expanding skills, associating with other SMEs and entering new markets. Revolving around strong development of cultural assets as a tool for promoting rural development, the project also introduced a model promoting active economic citizenship for the most vulnerable. Starting with women, the model comprised elements of financial inclusion and literacy, identity card issuance, savings promotion, business registration, and diffusion and development of microinsurance products, including life insurance.

SIERRA NORTE (2010-2015) and SIERRA SELVA (2012-2018) are scaling-up efforts with strong adaptation elements, given the different contexts, cultural characteristics and institutional strengths of the target municipalities.

Both interventions pay particular attention to building local capacities, in particular the capacity of local governments to adopt a territorial approach to promoting development.

PROTERRITORIOS (2016-2022), which is currently in the design phase, proposes capitalizing on the results of past policy dialogue and capacity-building investments and adopting a full-fledged territorial approach to development, while coupling social inclusion efforts with economic and infrastructure development. To date, this represents by far the largest operation promoted by IFAD in this country and it is the first operation where the target group and national and local governments are the majority financiers.

This new design has many innovations. One innovation involves a model used to support the local governments in identifying territorial assets as well as entities that can help improve development planning and share the responsibility of implementing territorial development projects and programmes. Another model involves adopting new mechanisms that on one side acknowledge the environmental services provided by native communities and on the other side channel financing for these communities' Life Plans, which are the instruments they use to plan their own development. A third model again involves creating an incentive system geared towards motivating a gradual associative process that allows the social capital available to SMEs to be expanded. This model uses self-diagnosis as a method to foster partnership development among private entities. Finally, a further model involves setting up youth savings groups and introducing electronic money transfers supported by the state financial system represented by the National Bank and the Agricultural Bank of Peru.

Future strategy for scaling up

The scaling-up strategy, following the “predecessor-successor pattern” through a sequence of overlapping projects to test, refine, adapt and eventually bring to scale innovative models of intervention, will remain the same in Peru. However, the vision for the IFAD-government partnership has evolved considerably since FEAS.

Lessons learned from past experience have shown that new preconditions are required to promote universal economic citizenship. In particular, three elements need to be brought into the picture simultaneously to engender self-sustaining development processes: markets and enterprises, investment projects and social spending.



Figure 2: Vision for the future

Development takes place in the space where the three elements meet (Figure 2). This is the main idea behind the current adoption of a territorial approach to development – an approach that the country programme has always advocated and that is finally part of the government strategy for promoting decentralized, inclusive growth.

At the moment, IFAD is supporting the government in updating its rural development diagnostics in collaboration with one of the national think tanks the Fund has collaborated with for many years – the GRADE centre (Group for the Analysis of Development). This effort paves the way for the preparation of a new country strategy to guide collaboration for the next five years.

Drivers and spaces. Steady economic growth and prudent policies have provided the projects with the fiscal and financial space that they require, and it is expected that they will continue to do so in the future. The last operation in the scaling-up series, PROTERRITORIOS, shows the strong commitment on the part of the government to the country programme and the sense of ownership that it has developed for the models proposed.

The local champions will remain the project teams, a proactive CPM and the learning groups, accompanied by a growing number of municipalities, now eager to take over the role they have been granted by the decentralization laws and ready to mobilize additional resources and cofinance investments for the benefit of their territories.

The country programme management has always placed enormous value on creating learning spaces and gathering, systematizing and sharing local knowledge. This will continue in the future, along with the organization of learning routes with the support of PROCASUR. This strategy has worked remarkably well in the past and guaranteed a smooth transfer of knowledge and its translation into action plans. This will be all the more important with the full adoption of a territorial approach to development promotion and with new players coming to the fore, such as mining companies, supermarkets and other private-sector entities. They will all need to learn how to collaborate with each other more intensively and find win-win solutions. Project teams will need strong skills in facilitating public-private partnerships among the various territorial actors.

For the purpose of transferring knowledge on a large scale, the country programme will explore the opportunity offered by ITCs and the diffusion of smartphones, which may offer access to knowledge through internet even in remote areas. Investments in infrastructure and connectivity have been included in the design of the new project. Packaging of suitable knowledge products will follow.

The ample institutional, policy and political spaces created so far will continue to provide opportunities to innovate and mainstream innovations. Probably among the best in Latin America and the Caribbean, the project teams in Peru have also managed to overcome the problem of weak M&E systems. The next challenge will be that of trying to harmonize systems and identify a few key indicators to help the team

monitor the progress of scaling up. Agro Rural, the implementing agency, is interested in establishing a system that can help monitor all the projects and programmes as an organic whole and has requested the support of IFAD-funded PMUs for this purpose.

Lessons learned

The evolution of the country programme in the last 20 years and the level of maturity that the implementation of the operational model of IFAD has reached in Peru can contribute important lessons learned and offers answers to some of the questions relating to IFAD's scaling up agenda¹³ as follows:

How do we design, supervise and provide implementation support for scaling up?

- (i) **The stability of the project teams and the institutions that supported them** allowed the adoption of a strategy of following a predecessor-successor pattern whereby every new project incorporated past innovations adapted on the basis of experience (only what worked was brought forward and replicated¹⁴) and of the new context in which it was going to operate. In addition, the strategy systematically integrated or paved the way to integrating new innovations emerging during the design process that were considered worth testing.
- (ii) **The country programme was able to identify remarkably talented professionals and recruit them as project staff.** This was possible thanks to the government's commitment to obtaining results and benefits from the investments that it made in terms of staff capacity-building.
- (iii) **The establishment of a central implementation unit within the implementing agency for all IFAD's projects** enabled knowledge to be passed on from one project to another and past capacity-building investments to yield further benefits. It enabled sufficient flexibility to innovate and, at the same time, to engage in a permanent dialogue with state institutions. Advocating for government uptake of proven models thus became an insider's job.
- (iv) **Country presence, continuity over time, persistence, familiarity, a solid relationship of mutual respect and trust with country partners, and delegation of authority to the country office** were the key elements defining the success of the country programme in Peru. Country presence enables immediate observation and response to emerging issues and prompt identification of solutions with national stakeholders. In Peru, project ideas did not come from external groups of consultants deployed during design missions but from direct observation of farmers' behaviour and discussion with national counterparts on how to engender sustained change. Also, all the country programme management choices made in the case of Peru (in-country CPM, strong country office officers, smooth handover from one CPM to the next, choice of CPM based on familiarity with country teams) contributed to creating a conducive environment for learning, building trust and investing in local capacities.
- (v) **Country programme management was able to count on stable teams of consultants designing, supervising and supporting the implementation of the country programme.** This created the right environment for project teams and country partners to develop their own relationship with the consultants, develop trust and engage freely in creative and reflective processes together. When required, new consultants were mobilized to provide fresh and independent views on the project implementation or specific expertise that the core consulting team did not have at its disposal.

¹³ IFAD. 2014. *Scaling up results*. 10/3/R.2. These questions were raised by IFAD's management at the end of phase II of the institutional review undertaken in collaboration with the Brookings Institution (see Hartmann et al., 2013. *Scaling up Programs for the Rural Poor: IFAD's Experience, Lessons and Prospects [Phase 2]*). Specifically, management asked: *How do we go about design of country programmes and projects for scale? How do we supervise and support implementation for scale? How can we build partnerships, carry out policy dialogue and manage knowledge for scale?*

¹⁴ This avoids what in scaling-up terms is referred to as Type 2 errors (see Hartmann et al., 2013).

- (vi) **Feedback loops and inputs were and still are immediately translated into action within the country programme in terms of design or implementation strategy adjustments** – a move which helps generate and magnify results very quickly.
- (vii) **Despite maintaining long-term time horizons, projects provide immediate results to the target groups.** This proved to be a key ingredient of success as it guarantees project credibility, motivates the mobilization of resources on the part of communities and nurtures their commitment to stay the course until scale is reached.

How can we build partnerships, carry out policy dialogue and manage knowledge for scaling up?

- (i) **Policy dialogue is a regular activity for project teams pursuing a scaling-up effort.** In a highly institutionalized country in particular, this dialogue involves all departments and units that are relevant to the effort. For example, this may include technical units of non-technical ministries such as the Ministry of Finance or the Ministry of Planning. Similarly, this dialogue needs to take place at local and national levels according to the issue at hand and the level of decentralization that the country has adopted.
- (ii) **Uptake of successful ideas and their translation into public policies followed the same process of design and supervision in Peru:** direct observation of results by government and other stakeholders led to their decision to mainstream the tested models in their laws, policies, strategies and programmes, financed through their own resources and/or those of other ODA partners.
- (iii) **Country teams place great value on learning collectively in-country and making knowledge locally available on what works, what does not and why. This is considered “part and parcel” of the scaling-up strategy pursued in Peru.** In the past, the availability of evidence from direct observation and commissioned studies and research had offset the weaknesses of fledgling M&E systems. Subsequent investments in capacity-building to strengthen such systems bore fruit. Such investments came from the projects’ own resources and regional grants (e.g. PREVAL), and projects can now count on this management tool to steer their performance effectively. The learning routes organized in collaboration with PROCASUR have been particularly effective in helping replication and uptake in-country and abroad. The next steps would be to (i) help the implementing agency create a single M&E system for all its projects and programmes and (ii) identify indicators to monitor the scaling-up process.
- (iv) **The establishment of a stable group of thinkers within government ranks, and national and regional think tanks and research centres,** working as innovation scouts, sounding boards for new ideas and as a learning group, was a key success factor to achieving impact at scale in Peru. This learning space was very fruitful and nurtured on one side by the value placed by the CPMs and project teams on basing programme design and implementation on actual knowledge, and on the other by a favourable local culture that supported learning by doing and reflecting on results.
- (v) **Lending and non-lending activities were and are still dealt with as a continuum** – each offering different tools and mobilizing different resources to achieve the country programme’s objectives. Non-lending activities outside of grant financing are currently underresourced and may need further budgetary support. This is especially true considering the next phase of the scaling-up trajectory, whereby project teams will need to enter new grounds while forging public-private partnerships, and will require ICO support.

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