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SCALING UP PROGRAMS FOR THE RURAL POOR:

IFAD'S EXPERIENCE, LESSONS AND PROSPECTS (PHASE 2)

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FOREWORD

The thousand-flowers-blooming approaches to rural innovation and learning as adopted over the past decade have led to an endless list of "good practices." But these, with a few notable exceptions, did not add up to deliver impact at scale. Improving on institutional efficiency and enhancing development impact are therefore two daunting challenges currently facing governments and like-minded partners amidst growing concerns about the sustainability of mixed progress towards Millennium Development Goal 1 targets. In other words, linking the dots between rural innovations, learning and scaling up will require a more systematic and proactive approach to replicating, adapting and expanding successful models of interventions to reach more people in a sustainable manner.

As part of a multipronged and pragmatic corporate approach to scaling up, the first two successive phases of IFAD progressive engagement can be summarized as follows:

> Phase 1 (2009-10): Country case studies, institutional reviews and initial interactions with like-minded partners, which prepared the ground for a better understanding of what works, what does not, and why; how to innovate with a scaling up mind-set; how to move from pilot to scale; and how to ensure sustainability of scaled up operations. Findings and recommendations from the knowledge products developed through a small grant from IFAD to Brookings were complemented by various institutional self-assessments and independent thematic evaluations. As a result, IFAD has reached the conclusion, *inter alia*, that scaling up is "mission critical," as noted IFAD's 2011-2014 Strategic Framework.
>
> Phase 2 (2011-12): New and upgraded country case studies and crosscutting reviews filled some of the knowledge gaps identified under Phase 1 and expanded and diversified the knowledge base. These tasks were combined with testing of staff guidance tools, partnership building and outreach on scaling-up concepts, issues and experiences at country level and in the international policy arena. The main findings and recommendations of Phase 2 are captured in the Brookings Phase 2 synthesis report. It confirms the conclusion that scaling up is the most important business model change under the Ninth Replenishment of IFAD's financial resources, as under IFAD's 2013-15 Medium Term Plan.

The significant progress and the encouraging prospects are due to a number of factors, including, *inter alia*, the personal commitment of IFAD's president as a champion of the scaling-up agenda; the engagement of IFAD staff and management teams, as well as of IFAD's field-based country teams, which provide substantive inputs and peer reviews of relevant knowledge products; and the active staff engagement and partners' participation in learning events and initial testing of guidance tools at different stages of project cycle. Special thanks are due to Cheikh Sourang as the task manager of the scaling-up initiative on IFAD's side from start to finish, teaming up with experts from Brookings while staying the course to facilitate adequate linkages between this corporate initiative and other relevant in-house processes and external partnerships.

The efforts and quality of work of the Brookings team is much appreciated, as a contribution to our fruitful collaboration with Brookings as IFAD strategic partner. Special thanks are due, in particular, to Johannes Linn, the inspiring leader of this team and a champion of the scaling-up agenda, for tirelessly promoting synergies between the IFAD-funded Brookings reviews and other relevant partners initiatives. We finally owe a special recognition to like-minded partners who have taken part in IFAD-hosted learning events and/or have undertaken testing or adaptation of the scaling-up framing questions developed by IFAD/Brookings, and/or reflected IFAD experiences in their respective knowledge products. Some of these include a variety of multilateral and bilateral institutions, including but not limited to the World Bank, UNDP, IFPRI, FAO, WFP, AusAID, GIZ and JICA. It is our hope and expectation that these and other partners will join and strengthen the emerging community of practice and learning alliance for scaling up in agriculture and rural development.

Phase 3 (2013-15) of IFAD engagement on the scaling-up agenda will focus on developing IFAD's institutional capacity and partnerships for scaling up, as a basis for fully internalizing the scaling-up agenda into various components of IFAD operating model. Under this overarching institutional agenda, some of the key questions are: How do we go about design of country programmes and project for scale? How do we supervise and support implementation for scale? And how do we build partnerships, carry out policy dialogue and manage knowledge for scale?

In response to these questions, the next steps of IFAD's engagement will consist of the following: (i) focusing in a few test countries on selected aspects of the program cycle, including country strategy and project design, supervision and implementation support, policy dialogue, knowledge management and partnership building (this focus is meant to provide useful insights for future roll out to all IFAD countries); (ii) review of experiences with institutional approaches to project management and coordination, as well as mechanisms for intervention or financing such as repeater projects, top-ups of project funding, flexible lending mechanisms, and grants in support of scaling-up processes; (iii) refinement and/or thematic customization of guidance tools such as the IFAD/Brookings framing questions on scaling up, which are already being tested or adapted by an increasing number of like-minded partners, combined with staff and country teams training on scaling up at different stages of the project cycle; and last but not least, (iv) partnership building to raise additional resources from public or private sources and to expand the community of practice and learning alliance for scaling up.

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LIST OF ACRONYMS

AfDB	African Development Bank
APL	Adjustable Program Loan
ARPP	Annual Review of Portfolio Performance
ARRI	Annual Report on Results and Impact of IFAD Operations
AusAID	Australian Government Overseas Aid Program
CAADP	Comprehensive Africa Agriculture Development Programme
CPE	Country Program Evaluation
CPM	Country Program Manager
CPMT	Country Program Management Team
COSOP	Country Strategy Opportunities Program
EU	European Union
FAO	Food and Agriculture Organization
FLM	Flexible Lending Mechanism
GAFSP	Global Agriculture and Food Security Program
GIZ	Gesellschaft für Internationale Zusammenarbeit (Germany)
IFAD	International Fund for Agricultural Development
IFPRI	International Food Policy Research Institute
JICA	Japan International Cooperation Agency
KM	Knowledge Management
KfW	Kreditanstalt für Wiederaufbau (Germany)
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
NGO	Nongovernmental Organization
IOE	Independent Office of Evaluation, IFAD
PTA	Policy and Technical Advisory Division
PIU (PMU)	Project Implementation Unit (Project Management Unit)
RIDE	Report on IFAD's Development Effectiveness
RIMS	Results and Impact Management System
SNV	Netherlands Development Organization
QA	Quality Assurance Review
QE	Quality Enhancement Review
SWAp	Sector-Wide Approach
UNDP	United Nations Development Programme
WFP	United Nations World Food Programme

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1. INTRODUCTION

The challenge of rural poverty and food insecurity in the developing world remains daunting. Recent estimates show that "there are still about 1.2 billion extremely poor people in the world. In addition, about 870 million people are undernourished, and about 2 billion people suffer from micronutrient deficiency. About 70 percent of the world's poor live in rural areas, and many have some dependency on agriculture," (Cleaver 2012). Addressing this challenge by assisting rural small-holder farmers in developing countries is the mandate of the International Fund for Agriculture and Development (IFAD), an international financial institution based in Rome.

The International Fund for Agriculture and Development is a relatively small donor in the global aid architecture, accounting for approximately one-half of 1 percent of all aid paid directly to developing countries in 2010. Although more significant in its core area of agricultural and rural development, IFAD still accounts for less than 5 percent of total official development assistance in that sector.[1] Confronted with the gap between its small size and the large scale of the problem it has been mandated to address, IFAD seeks ways to increase its impact for every dollar it invests in agriculture and rural development on behalf of its member states. One indicator of this intention to scale up is that it has set a goal to reach 90 million rural poor between 2012 and 2015 and lift 80 million out of poverty during that time. These numbers are roughly three times the number of poor IFAD has reached previously during a similar time span. More generally, IFAD has declared that scaling up is "mission critical," and this scaling-up objective is now firmly embedded in its corporate strategy and planning statements. Also, increasingly, IFAD's operational practices are geared towards helping its clients achieve scaling up on the ground with the support of its loans and grants.

This was not always the case. For many years, IFAD stressed innovation as the key to success, giving little attention to systematically replicating and building on successful innovations. In this regard, IFAD was not alone. In fact, few aid agencies have systematically pursued the scaling up of successful projects.[2] However, in 2009, IFAD management decided to explore how it could increase its focus on scaling up. It gave a grant to the Brookings Institution to review IFAD's experience with scaling up and to assess its operational strategies, policies and processes with a view to strengthening its approach to scaling up. Based on an extensive review of IFAD documentation, two country case studies and intensive interactions with IFAD staff and managers, the Brookings team prepared a report that it submitted to IFAD management in June 2010 and published as a Brookings Global Working Paper in early 2011 (Linn et al. 2011).[3]

The Brookings study defined "scaling up" as "expanding, replicating, adapting and sustaining successful policies, programs or projects in geographic space and over time to reach a greater number of rural poor," (Linn et al. 2011, p. 7). The main findings of the study, in brief, were the following:

- IFAD had identified innovation and scaling up as an institutional goal in some of its strategic documents, along with innovation and learning.
- IFAD had some good examples of scaling up that provide useful lessons; however, its operational experience needed to be more fully assessed.
- Despite some scaling-up successes, scaling up was not the prevailing practice in IFAD's programs.
- IFAD needed a systematic approach to scaling up by incorporating scaling up into its operational policies, processes, instruments, evaluations, resource allocation and staff incentives; the study made some specific recommendations to that effect.

Since the initial Brookings study was completed in mid-2010, IFAD management has pursued the scaling-up agenda along two avenues. The first involved a number of pragmatic managerial steps to get scaling up incorporated into IFAD's operational practices and partnerships. The most important among them were the following:

- The corporate evaluation by IFAD's Independent Office of Evaluation (IOE) of innovation and scaling up defined scaling up as "mission critical" (IFAD Independent Office of Evaluation 2010); IFAD management concurred.
- IFAD's Strategic Framework 2011-15 and the Ninth Replenishment of IFAD identified scaling up as a core strategic objective for IFAD.
- Management issued new Country Strategy Opportunities Program (COSOP) guidelines,[4] a revised outline for project design reports reflecting scaling up, and framing questions on scaling up for project preparation.
- IFAD's Results and Impact Management System (RIMS) includes a results measure for scaling up.
- The IOE's new evaluation guidelines include scaling up as a criterion for evaluation.
- IFAD's annual Portfolio Reviews and Annual Reports on Results and Impact of IFAD Operations (ARRI) now report on progress with scaling up in IFAD country programs.
- IFAD has organized learning and outreach events together with external partners and provided support for partners' initiatives (including for IFPRI and the World Bank).

The other avenue of follow-up involved a second-phase study by Brookings designed to deepen the understanding of IFAD's experience with scaling up and to explore the opportunities and challenges it faces as it pursues a scaling-up agenda. The study is also intended to provide guidance for pragmatic implementation of the operational scaling-up initiatives. Like the first Brookings study, this follow-up study is funded by an IFAD grant. The main elements of the study, known as the IFAD Institutional Scaling Up Review Phase 2, are as follows:

- Eight country case studies (Albania, Cambodia, Ethiopia, Ghana, Moldova, Peru, the Philippines and Vietnam), all carried out with support from country program managers (CPMs) and country program management teams (CPMTs).[5]
- Four crosscutting analytical studies, carried out by external and internal experts and covering the following topics, all seen through the lens of scaling up:

(i) country-based scaling-up processes and partnerships; (ii) institutional dimensions and capacity building; (iii) results management and monitoring and evaluation (M&E); and (iv) value chains.

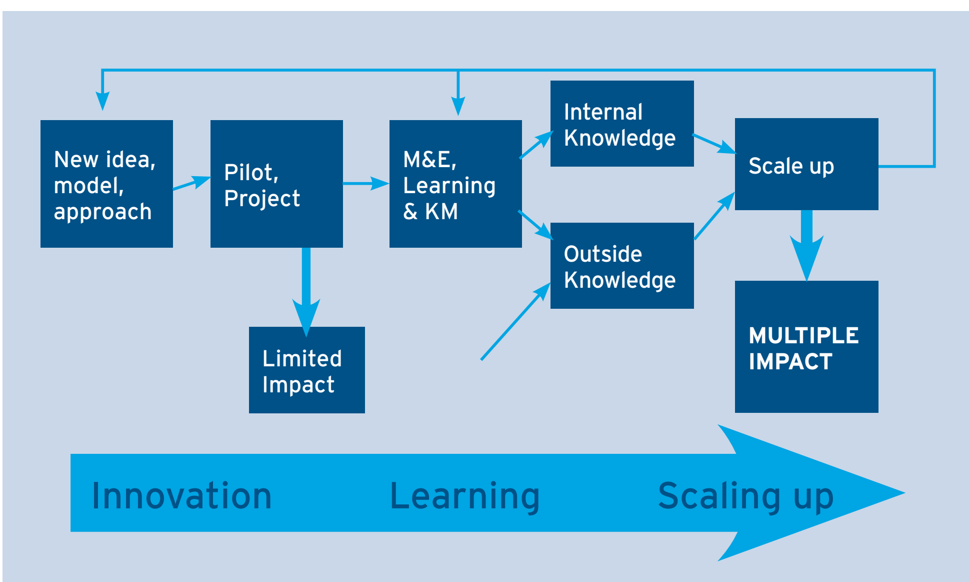
- An overview report, which pulled together the key findings and recommendations of the country studies and crosscutting papers.

In pursuing the Phase 2 agenda of research, the Brookings team applied the same framework that we had found useful in Phase 1 of our analysis of IFAD's institutional scaling-up approach (Linn et al. 2011). This approach considers scaling-up as part of a cycle of innovation-learning-scaling up (Figure 1).

Scaling up is seen as a process along a pathway towards a goal of impact at scale under which multiple impact is achieved with continuous learning and innovation. For IFAD as an institution, the scale objective is ultimately to reduce rural poverty. In its country programs, specific scale objectives need to be defined for each program or line of business which IFAD pursues,[6] and, for each of these programs or lines, specific pathways will need to be identified. In pursuing a scaling-up pathway, it is helpful to consider systematically the "drivers" that push the process forward and the obstacles that may get in the way—or the "spaces" that have to be created to allow scaling up to happen (see Box 1). Therefore, at the core of the framework that we employ is an analysis of whether and how IFAD has identified the scaling-up pathways as well as the drivers and spaces in its work in specific countries and business lines as well as how IFAD could in the future pursue an operational approach that would assure a systematic pursuit of these key aspects of the scaling-up process.

This paper summarizes the key findings of the IFAD Institutional Scaling Up Review Phase 2, drawing on the above mentioned background documents. In Section 2, we review the main aspects of the country programs that were the subjects of the eight country studies. Section 3

Figure 1: Innovation, Learning and Scaling Up Linkages



Source: Linn et al. (2011).

looks at the findings on institutional space, which plays a key role in determining a successful scaling-up pathway. Section 4 considers how IFAD needs to engage in partnerships if it wants to achieve its scaling-up agenda. Section 5 reviews our conclusions on monitoring, evaluation and results management, major ingredients for scaling up. Section 6 summarizes the results of our work on scaling up value chains, one of the main current business lines pursued by IFAD. Section 7 explores the operational modalities of scaling up as one moves from a project-based to a programmatic approach in support of scaling up. Section 8 concludes with some reflections on next steps that IFAD may wish to take in delivering on its commitment to scaling up.

Box 1: Drivers and Spaces of Scaling Up

A few key factors drive forward the process of scaling up:

- *Ideas and models*: There has to be an idea or model that works at a small scale. It emerges from research or practice.
- *Vision and leadership*: A vision is needed to recognize that scaling up of a (new) idea is necessary, desirable and feasible. Visionary leaders or champions often drive the scaling-up process forward.
- *External catalysts*: Political and economic crisis or pressure from outside actors (donors, EU, etc.) may drive the scaling-up process forward.
- *Incentives and accountability:* Incentives are key in driving the behavior of actors and institutions towards scaling up. They include rewards, competitions and pressure through the political process, peer reviews, other evaluations, etc. Monitoring and evaluation against goals, benchmarks and performance metrics are essential ingredients to establish incentives and accountability.

If scaling up is to succeed, space has to be created for the initiative to grow. The most important spaces are:

- *Fiscal/financial space*: Fiscal and financial resources need to be mobilized to support the scaled-up intervention and/or the costs of the intervention need to be adapted to fit into the available fiscal/financial space.
- *Natural resource/environmental space*: The impact of the intervention on natural resources and the environment must be considered, harmful effects mitigated or beneficial impacts promoted.
- *Policy space*: The policy (and legal) framework has to allow or needs to be adapted to support scaling up.
- *Institutional/organizational/staff capacity space*: The institutional and organizational capacity has to be created to carry the scaling-up process forward.
- *Political space*: Important stakeholders, both those supporting and opposing the intervention, need be engaged through outreach and suitable safeguards to ensure the political support for a scaled-up intervention.
- *Cultural space*: Possible cultural obstacles or support mechanisms need to be identified and the intervention suitably adapted to permit scaling up in a culturally diverse environment.
- *Partnership space*: Partners need to be mobilized to join in the effort of scaling up.
- *Learning space*: Knowledge about what works and doesn't work in scaling up needs to be harnessed through monitoring and evaluation, knowledge sharing and training.

Source: Linn et al. (2011) (based on Hartmann and Linn 2008).

2. SCALING UP IN IFAD'S PROGRAMS: FINDINGS OF EIGHT COUNTRY CASE STUDIES

Members of the Brookings team visited eight countries as part of the Phase 2 study and reviewed whether and to what extent IFAD-supported programs in each country reflected a scaling-up approach, what factors—drivers and spaces—were at work, and what lessons could be drawn.[7] They were much helped by the country program managers and the country teams on the ground. The criteria for selecting the countries were, first, a broad regional balance (three countries in Asia, two countries in sub-Saharan Africa, two countries in Eastern Europe and one country in Latin America). Second, we focused on small and medium-size countries and country programs, on the grounds that they would be more representative of IFAD's general experience than large countries and programs (such as China and India). Third, we included countries of low- and lower middle-income categories and with widely varying dependency on agriculture. (See Table 1 for a summary of country characteristics.) Finally, the country selection was governed by whether the country selection fit with the operational cycle of IFAD's country teams and local counterparts. The resulting sample is not necessarily representative of IFAD's country program experience. However, it does provide valuable snapshots of IFAD's experience and offers important lessons.

In this section we take a brief look at country experiences across case study countries. Box 2 summarizes the key features most relevant from a scaling-up perspective in each of the countries.

The case studies provide a wealth of evidence, much of which we have drawn on in the four thematic studies summarized in the subsequent sections of this overview paper. In the remainder of this section we briefly discuss some overarching, crosscutting issues related to IFAD's approach to scaling up as revealed through the country case studies. Table 2 presents a snapshot of key aspects of the country experience. Let us consider each of the aspects summarized.

Was scaling up systematically planned, successful and sustained?

For some country programs, scaling-up approaches were built into the COSOP strategy (Albania and

Table 1. Summary of Basic Economic Indicators, 2010

Country Name	Population (million)	Agriculture, value added (% of GDP)	% of population rural	GDI per capita, PPP (current int'l $)	Agricultural land 2007-2009 (% of land area)
Albania	3.2	20%	52%	$8,520	44%
Cambodia	14.1	36%	77%	$2,080	31%
Ethiopia	83.0	48%	82%	$1,040	35%
Ghana	24.4	30%	49%	$1,660	68%
Moldova	3.6	14%	59%	$3,360	75%
Peru	29.1	8%	28%	$8,930	17%
Philippines	93.3	12%	34%	$3,980	40%
Vietnam	86.9	21%	71%	$3,070	33%

Source: World Bank Development Indicators (2012).

Box 2. Scaling Up in Eight Countries

Albania. Since Albania started the transition from a socialist and centrally planned state in the early 1990s, the country has grown rapidly and has consistently pursued its goal of eventual European Union (EU) membership. IFAD has supported the country's aspirations with a sequence of projects targeted to give the poor rural communities in the Albanian mountain areas access to markets, inputs, finance, know-how and infrastructure. Combining horizontal, vertical and functional scaling up through extension of programs over successive mountain areas, through institution building and through extending its programs into value-chain development, IFAD pursued a systematic scaling-up agenda. Sustainability of the program has been called into question recently by the government's decision not to designate the parastatal agency that served as the scaling-up institution in IFAD's projects as the conduit for EU regional development funds and by the difficulties encountered with the intended privatization of the public rural finance agency set up with IFAD support, reflecting unanticipated obstacles in the political and financial spaces in which IFAD's programs operate.

Cambodia. Cambodia is a post-conflict country with weak governance and low public administration and fiscal capacity. An ongoing decentralization effort has yet to build sufficient capacity at the local government level. These factors present serious challenges for sustainability and scaling up, especially through handoff to national or provincial government. Technical agricultural innovations (systems of rice improvement, farmer's field schools) supported by IFAD have gone to national scale, as has an IFAD innovation of national funding for local government infrastructure investment. Scaling up by handoff to government has not been possible to date for other potentially scalable components of IFAD projects (involving support for grass-roots organizations like farmers associations, local provision of agricultural extension services, and strengthening of local government capacity). IFAD has pursued scaling up primarily through a series of IFAD follow-up projects and by attempting to create financially viable and sustainable private or civil society providers. Follow-up projects have had success in scaling up but only to those beneficiaries and locations that meet IFAD targeting criteria. The jury is still out on whether sustainable private or civil society provision is viable and affordable for the poor in a low-income environment.

Ethiopia. IFAD's Ethiopia country programs have primarily focused on three areas: rural finance, support to pastoral societies and small-scale irrigation. In all three areas IFAD funded a sequence of multiple projects, which had significant pro-poor impacts in large part because scaling up was a clear focus in IFAD's Ethiopia country programs. This focus was driven by the government itself, which had clear vision, strategy and leadership. In the pastoral support program, IFAD has worked very effectively in partnership with the World Bank in cofinancing a 15-year Adjustable Program Loan by the Bank that has pursue a scaling-up pathway in an exemplary fashion. IFAD's engagement in supporting public rural microfinance institutions also resulted in rural credit access at a substantial scale and with significant poverty reduction impacts, but rural banks continue to depend on credit allocations from the public development bank. The small-scale irrigation program, which also aimed at scale through a sequenced program of strengthening community-based approaches to irrigation development and management has the greatest risks to scaling and sustainability due to the tension between the government's top-down approach and IFAD's support for a bottom-up, community-led initiative.

Ghana. IFAD's program in Ghana over the last 10 years was focused on support for two business lines, in each of which it pursued successful scaling-up pathways. In the area of rural finance, its two successive projects supported the development of the rural financial services industry—virtually from scratch—with a systematic and long-term program of strengthening rural banks and developing the national policy, institutional, regulatory and supervisory framework. The World Bank and the African Development Bank cofinanced the program and provided complementary support in the areas of institution building and policy dialogue. In the area of rural enterprise development, IFAD's three sequenced projects supported a successful national program of rural business, technology advisory and financial services. In both program areas the clear vision, long-term engagement and effective partnership approach by the CPMs and country team, in cooperation with a committed government, were key drivers of the successful scaling-up effort.

Moldova. IFAD has supported the revival of agriculture in this small Eastern European country in transition from a socialist legacy. In five successive projects, IFAD consistently provided loan funding to commercial banks for on-lending to rural clients, as well as grant funding for rural infrastructure investments. In addition, there were short-lived interventions in support of rural microfinance, village-level investment planning, etc. The rural lending scheme reached considerable scale due to IFAD's sustained funding, but IFAD and the freestanding project implementation unit that it supported did not succeed in getting private banks to lend on their own account. In the absence of policy dialogue and institution building, the sustainability of the rural credit program is not assured. In the case of rural infrastructure, achieving significant scale was not a goal, and sustainability of the program without IFAD finance is in doubt. In the absence of a clear vision for scaling-up pathways, of engagement in institution building and policy dialogue, and of outreach to other external partners (such as the World Bank, which was engaged in a parallel, but unconnected rural credit scheme), IFAD's country program in Moldova did not achieve sustainable impact at scale.

Peru. IFAD supported Peru's ambition to substantially reduce poverty in its highlands region with five consecutive projects over 30 years. With a systematic process of learning and adaptation, IFAD funded programs of community-driven area development in support of a successful long-term scaling-up pathway that involved horizontal, functional and vertical scaling up. Successive projects covered additional highland districts, broadened the scope of intervention and led to adoption of key program elements by the national government's rural development program. IFAD supported the trial and replication of various innovations of community engagement, including direct transfer of funds to rural communities through competitive schemes of grant allocation, community administration of funds, use of local providers of services and creation of women's savings accounts. Other donors also supported the replication of some of these innovations. The sustained long-term engagement by an outposted and highly entrepreneurial CPM is widely credited as a key success factor in this scaling-up effort.

The Philippines. The Philippines poses a challenging context for scaling up. National fiscal space remains highly constrained; an ongoing administrative decentralization has left local authorities with little institutional and financial capacity; and a diverse cultural population is spread across highly varied agro-ecological zones and multiple islands. IFAD projects in the Philippines have been comprehensive and multisectoral. One set of projects has focused on the integration of small-holder subsistence farmers into markets. A second set of projects has focused on support for microenterprises and microfinance to supplement agricultural incomes. Scaling up of IFAD-supported programs has been primarily through follow-up projects. In a few cases, government agencies have scaled up unbundled individual innovations from IFAD supported projects, e.g., low-cost, easily adoptable technical innovations like integrated pest management and farmer's field schools, which were scaled up by the Department of Agriculture. Certain IFAD-supported participatory practices (e.g., rural assessments) have been integrated into the projects of other donors. The most important success has been the national scaling by the National Commission on Indigenous Peoples (NICP) of land titling and of other innovations targeting indigenous people.

Vietnam. Vietnam is a rapidly growing country approaching middle-income status with a growing private sector, but with continued primacy of the Communist Party. With rapid growth, poverty is now largely confined to the rural highland regions, home to ethnic minorities. IFAD projects have targeted these regions and populations with multi-component, comprehensive projects implemented at the provincial level, focusing on supporting market integration of rural poverty pockets, along with support for building local government capacity and grass-roots democracy in the context of decentralization. IFAD has had substantial success in scaling up through multiple, interrelated mechanisms through successive follow-up projects. These have allowed IFAD to move from a focus on innovation in the first project to building institutional capacity in subsequent projects, and then to policy adoption of individual innovations by the provincial leadership and mainstreaming of innovations in the entire province. In some cases, adoption in multiple provinces has carried over to the rules, regulations and policy guidelines of national anti-poverty programs. There are questions with regards to scaling up in Vietnam such as whether these innovations can be replicated in multiple provinces given highly variable public administration capacity across provinces; whether the fiscal resources are in place for sustainable scaling up; and whether the IFAD-supported community-based livelihoods organizations are sustainable.

Source: Country case studies.

Table 2: Country Case Study Comparison

		Albania	Cambodia	Ethiopia	Ghana	Moldova	Peru	Philippines	Vietnam
Scaling up?	Did it happen? Sustainable?	Yes (partial) No	Yes (partial) No	Yes Yes	Yes Yes	Yes (partial) No	Yes Yes	Yes (partial) Partial	Yes Partial
Scaling up modality	Successive IFAD Projects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Donor cofinancing	No	No	Yes (IDA)	Yes (IDA, AfDB)	No	No	No	No
	Government without IFAD	No	Yes (components)	No (partial)	Yes	No	Yes	Yes	Yes
	Other donor without IFAD	No	No	Yes	No	No	Yes	No	No
Whole or part of project?		Whole	Both	Both	Both	Part	Whole	Both	Both
Special Instrument?		No	No	World Bank APL	No	No	No	No	No
Scaling up dimension	Horizontal	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Vertical	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
	Functional	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Key drivers		IFAD; PIU; strong rural growth in target areas	IFAD	Government; strong rural growth	IFAD; Government; strong rural growth	Government PIU	Communities; government; IFAD; Learning Group	Government ministries; IFAD	IFAD; Government
Key spaces/constraints		Political and financial constraints to sustain-ability;	Government capacity at all levels; fiscal capacity	Government top-down approach a constraint	Support for institutional space and policy space	Policy and institutional constrains in financial sector	Cultural space; cost containment; learning	Institutional space	Institutional space; limited learning

Table 2: Country Case Study Comparison (continued)

		Albania	Cambodia	Ethiopia	Ghana	Moldova	Peru	Philippines	Vietnam
Areas of support	Area based (multifunction)	Yes (not sustainable)	Yes (not sustainable)	Yes			Yes	Yes	Yes
	Community driven (multifunction)	Yes (unclear whether sustainable)	Yes (not sustainable)	Yes			Yes	Yes	Yes
	Infrastructure	Yes		Yes (not sustainable)		Yes (not scaled up)			
	Finance	Yes (not sustainable)		Yes (not sustainable)	Yes	Yes (not sustainable)			
	Enterprise development	Some limited support			Some				
	Ag. services		Yes (not sustainable)						
	Value chain	Yes			Some				
Resident CPM?		No	No	No (until recently)	No (until recently)	No	Yes	No	Yes

Source: Compiled by the authors based on country case studies.

Ghana); however, for others, scaling up was either not explicitly considered or considered only in a very limited way. IFAD had not had a strategic approach to scaling up at the corporate level when the country programs and projects under review had been designed. It is therefore not surprising that there has not been a uniform or systematic application of the principles and practice of scaling up. However, all country programs showed some evidence of successful scaling up, although in many of them only for parts of the program. Only in three countries (Ethiopia, Ghana and Peru) were the scaled programs judged broadly sustainable. These three country programs showed that, where IFAD-supported programs pursue scaling up systematically, especially in concert with national and local stakeholders and external partners, they can successfully address rural development challenges at a significant scale.

What were the scaling-up modalities and instruments?

In all countries, scaling up, to the extent it happened, was largely pursued through successive IFAD projects. In only a few countries was there cofinancing with other donors. In some cases the government replicated or mainstreamed selected components of the IFAD supported programs. Only in one country (Peru) is there evidence that other donors scaled up IFAD-supported innovations without IFAD engagement. However, we must be careful in this particular assessment, since there is no systematic process in which we or IFAD more generally could reliably establish the extent to which others replicate IFAD-sponsored initiatives.

In most countries, scaling up involved the replication or adaptation of whole projects, but in one country (Moldova) only one project component was systematically replicated in successive IFAD projects, while in two others (Vietnam and the Philippines) there was scaling up of both whole projects and project components.

In one country (Ethiopia), a special programmatic lending instrument was used, namely the World Bank's Adjustable Program Loan (APL), to which IFAD subscribed through cofinancing. It turned out to be a very successful instrument in this case (Box 3).

What were the scaling-up dimensions—horizontal, vertical or functional?

All countries saw scaling up in the horizontal and vertical dimension. In effect, successful geographic expansion was closely associated with, supported by and likely dependent on strengthening the policy and institutional frameworks at the national and provincial levels. Functional scaling up, i.e., extension to other areas of engagement, also was part of the scaling-up experience in some countries, but neither a necessary nor a sufficient aspect of successful scaling up.

What or who were the key drivers of the scaling-up process?

In virtually all cases the key drivers involved some combination of the government and IFAD pushing the process of scaling up forward. Government ownership and, in particular, the engagement and support of the key functional ministry, are evidently critical for successful scaling up. The most notable case of government leadership was the successful scaling up of the Ethiopia country program. In some countries, especially Peru, community pressure and other stakeholder engagement were also an important part of the process. Strong rural growth was also a strong driver of successful scaling up in Albania, Ethiopia and Ghana.

What were the key constraints that impeded scaling up (or spaces that were created to permit successful scaling up)?

In most countries, institutional capacity constraints inhibited scaling up. These constraints were success-

Box 3. The Ethiopia APL: Pastoral Community Development (2003-2018)

IFAD and the World Bank jointly finance the Ethiopia Pastoral Community Development Program. The World Bank program is a three-stage Adjustable Program Loan (APL), which IFAD cofinances through a number of discreet projects. The program is presently in the second phase of implementation. During a *first phase*, models consisting of community-based programs for infrastructure planning and implementation as well as support for income-generating activities for pastoral groups were tested. Disaster management activities were also designed. In the *second phase*, the APL expands the geographical outreach and deepens the institution-building measures to make the program sustainable. It also builds capacity for policy analysis of issues relevant to sedentary and semi-sedentary pastoral groups. A third phase intends to expand the approach to all pastoral and agro-pastoral districts in Ethiopia while consolidating and institutionalizing community development and pastoral risk management into existing administrative systems at different levels of government. The *third phase* intends to build up local savings and credit associations so that local resources can continue financing income-earning activities presently supported under a Community Investment Fund, which is funded under the IFAD/World Bank program.

The program is performing well. After a difficult start and early setbacks, especially in the disaster management component, the program expanded rapidly and more than 60 percent of the districts with pastoral groups are already included. The community-based approach is well adopted by the communities. Important progress is also made on institution-building measures.

The APL demonstrates the utility of a multi-phased long-term support instrument for scaling up. The APL lays out a 15-year agenda that clearly defines targets for each of the phases. It also defines milestones and triggers to be reached at the end of each phase in order to proceed to the subsequent phase. The long-term time horizon calls for the definition of a scaling-up strategy and operational pathway. The APL strategy thus becomes the "scaling-up compass." The objectives, milestones and triggers serve as intermediate goals. Opportunities for stocktaking and repositioning occur when the program moves from one phase to the next. The long duration of the program allows for both expansion of the program to reach larger numbers of beneficiaries but also for deepening of measures to make them sustainable. The focus on a 15-year time frame provides for long-term monitoring of the program and thus establishes sustainable monitoring systems rather than monitoring the limited time horizon of one project cycle only.

Experience under the program also highlights the importance of the time dimension for scaling up. Evaluations of the first phase program were not favorable, as many of the physical objectives were not achieved. Performance under the program substantially improved with the second phase when scaling-up dynamics developed. Had the program been designed as a freestanding project intervention only, it might well have been discontinued after the implementation of the first project.

Jonasova and Cooke (2012) found that World Bank APLs in support of competitive grant schemes were useful scaling-up tools. IFAD has in the past used a Flexible Lending Mechanism, similar to the APL, but its use has been discontinued.

Source: Ethiopia country case study.

fully addressed in some countries (e.g., Ghana) and, in the case of Ethiopia, specific programs dealt successfully with this constraint. On the other hand, other country programs found that sustainability was not assured due to lack of institutional support.

In countries where IFAD supported rural finance programs, the policy constraint was often binding. However, IFAD managed to address it successfully in the case of Ghana by teaming up with the World Bank and African Development Bank (AfDB).

In Albania an unexpected political constraint undermined the longer-term sustainability of an otherwise successful scaling-up approach.

Fiscal constraints were binding for countries where weak local governments had responsibility for promoting the scaling-up process (e.g., Cambodia) and for project components (especially infrastructure) that relied on grant financing. Linked to the fiscal constraint is a notable lack of consideration in the eight country programs of how project costs affect sustainability and replicability.

What was the experience for different areas of support or lines of business supported by IFAD?

Six of the eight country programs involved multisectoral, area-based development approaches, and all country programs pursued some form of community-driven approaches as part of their overall engagement. In many cases, institutional constraints were limiting scaling up and sustainability, but there were also cases where they were successfully addressed (Ethiopia and Peru). In the case of Albania, as noted, a political constraint limited sustainability.

Infrastructure programs were either not scaled up or not sustainable (for the reasons noted above), whether freestanding or as components of area and community development programs.

Rural finance programs usually suffered from institutional and policy constraints that were not adequately addressed in connection with IFAD-supported projects. Ghana is the notable exception.

Other freestanding components were either not pursued for scaling up or only pursued in very limited ways in the countries during the period under review. For the experience with value chain projects, see a detailed discussion in the next section.

Were resident country program managers a decisive factor in the scaling-up experience?

Only two countries among the eight had resident country managers during the period under review. In both countries the outposted CPM was a supportive factor for IFAD's scaling-up experience: In the case of Peru, the resident CPM was a key stakeholder driving the scaling-up process and, in the case of Vietnam, the resident CPM was able to promote policy dialogue and institutional capacity development for those components of the program that were successfully scaled up. However, two of the most successful country programs in terms of scaling up (Ethiopia and Ghana) involved nonresident CPMs. In the former case, the government drove the scaling-up process consistently; in the latter case, the nonresident CPM consistently drove a scaling-up strategy as a matter of personal leadership. It is notable that for both countries (Ethiopia and Ghana) IFAD recently decided to post the CPM in-country, presumably in the recognition that country presence, while not indispensible for successful country program development and implementation, is a helpful factor overall.

3. INSTITUTIONS FOR SCALING UP

Based on the experience from Phase 1 of the IFAD Scaling Up Review we had concluded that a key priority for further investigation was the role of institutional space for scaling up rural development programs with IFAD support, since institutional capacity constraints are among the most pervasive. Hence, one of our crosscutting background studies[8] investigated three key questions: (i) How has institutional space affected the relative success or failure of scaling up of IFAD projects or their components; (ii) to what extent have IFAD projects engaged in activities to shape the institutional space in ways that support scaling up; and (iii) what are the lessons learned and recommendations emerged on how IFAD might integrate institutional and organizational analysis, choices and capacity building in the future as part of its efforts to integrate scaling up into IFAD programs?

The country case studies provided a substantial basis for an analysis of the role of institutional space in IFAD's scaling-up experience, and all case studies identified the institutional dimension as a critical factor of the IFAD scaling-up experience. However, the case studies also indicated that upfront institutional analysis and consideration of institutional options are not principal foci in IFAD's project design work or in the monitoring and evaluation of IFAD-supported programs during project implementation and after completion. Given this limitation, the case studies and the crosscutting study on institutional space could work with only limited information. Another limitation of some of the projects reviewed in the country case studies is that where scaling up happened, the process was generally not yet complete and hence its sustainability could not be fully assessed. Despite these limitations, we can draw the following conclusions from the case studies regarding the role of institutional space and how IFAD addressed it.

IFAD's approach to institutional aspects of program design, implementation and M&E

Only in a few countries and project cases, such as the Ghana program and the pastoral program in Ethiopia, was scaling up a part of IFAD's vision at the outset of a project intervention. More often it was not, even in cases where over time a continuous and successful scaling-up process was pursued, as in the case of Peru. Instead, much of the project management's attention was focused on assuring effective implementation in terms of the project's specific results objectives. It is therefore not surprising that we find, to the extent project managers focused on institutional aspects at all, they considered generally only those aspects that determine the successful completion of the project itself, not those institutional dimensions which provide a foundation for subsequent scaling up and sustainability at larger scale.

This also applies to the IFAD practice regarding project implementation units (PIUs).[9] In many cases, IFAD works with dedicated PIUs, often embedded in ministries, but at times also independent (as in the case of Moldova). It appears that only in countries where the government itself forcefully pursues fully integrated project management (Ethiopia and Ghana), does IFAD follow a fully integrated approach. In no case, where it worked with a PIU, did IFAD appear to pursue a well-articulated strategy for gradually mainstreaming project management responsibility into the government proper, nor did such mainstreaming happen spontaneously.

IFAD has provided little or no guidance and no incentives to its country program management teams on how to carry out institutional analysis and how to pursue institutional capacity creation in connection with project design and implementation, and none of it has been aimed at strengthening institutions that specifically support scaling up or can support a scaled-up operation. Since it is much harder to set up effective scaling-up institutions than institutions that merely focus on the implementation of a freestanding project, it is critical that IFAD provide clear guidance and incentives for institution building in support of a long-term scaling-up pathway.

The same broad point applies to the monitoring and evaluation of institutional development efforts in IFAD's projects. Aside from the fact (as noted below) that M&E have long been a weak point of IFAD's operational practice in general, current M&E practices for institution building focus only on limited output metrics, such as number of staff trained, but do not look at key characteristics of institutional capacity that would allow one to judge whether progress is being made towards the longer-term goal of establishing effective scaling-up intermediary institutions or institutions that can effectively implement at scale. This lack of effective institutional M&E is a result of a lack of incentives for staff and creates a lack of accountability, since no one ever asks whether sustainable scaling-up institutions are being created by IFAD's interventions.

Key issues in IFAD's choice of institutional solutions for scaling up

Selecting the scale of institution. IFAD has generally focused on building institutions that reflect the geographic (and jurisdictional) scope of its project interventions. Since this scope has frequently been limited to the provincial level, the institutions that IFAD created or supported have often had a subnational, provincial or district-level scale. Such a narrow scope in itself is not a problem if the scale objective is limited to certain geographically and jurisdictionally restricted target groups. However, it constrains IFAD's ability to support scale up beyond the initial project areas. More importantly, it may lead to a failure of creating or strengthening supra-provincial facilitating institutions that can help assure the spread of the program to all relevant provinces, assist with sharing experiences across provincial borders, and support the creation of national or subnational capacity to implement, scale up and sustain the program within each jurisdiction. This problem was evident in Cambodia and to a lesser degree in the Philippines and Vietnam. In the cases of Albania, Ethiopia and Peru, strong supra-provincial institutional mechanisms were supported by IFAD for the area development programs. In the case of Ghana, the scale objective was national and the institutional framework deliberately national also. The scaling-up performance varied accordingly: It was strongest in the case of Ghana, Peru, Ethiopia and Albania, less so in the three Asian countries.

The impact of country size and governance. Institutional development in support of scaling up may be easier for IFAD in countries that are small and is definitely easier in those with good governance. For relatively small countries, such as Albania and Ghana, the challenge of developing programs and institutions at national or regional scale is inherently less severe than for large countries. In smaller countries IFAD's limited resources and leverage are more aligned with the scope of the scaling-up pathway. For countries with relatively good governance, including Albania, Ghana and Peru, the existing capacity for scaling up and implementing at scale is greater, as is the ability to absorb and sustain the positive effects of institutional capacity building. For fragile countries with a history of weak governance, as in the case of Cambodia, the institutional challenge of scaling up is especially severe.

Mandate, culture and clout of the scaling-up institutions. A key issue for IFAD's ability to support effective scaling up is to assure that the institutions which are to facilitate the scaling-up process and implement the scaled-up intervention have the mandate, culture and clout for scaling up the innovation that the IFAD project is supposed to drive forward. In the case of national sectoral programs, as in Ghana, this is easier than in the case of community-based area development programs or in the case of multisector programs. Agriculture ministries, the traditional partner institution of IFAD, tend to be narrowly focused on agricultural technical interventions, and hence have little interest and capacity for driving forward community-based and multisector programs. On the other hand, the mandate and culture of ministries dedicated to ethnic minorities and less developed regions or for social and community development are better aligned with those of IFAD's minority-oriented or community-driven programs, but they tend to have less political clout and hence less access to budgetary resources and less impact on policy decisions. However, the case of Peru shows that it is possible to overcome these constraints.[10]

Institutional capacity for scaling up in different business lines. IFAD has some distinct business lines it pursues in its operational work, and institutional challenges to scaling up differ systematically across business lines. Judging from our case studies, IFAD encounters difficulties in creating effective institutional space in three specific business lines: (i) community-based, participatory organizations;[11] (ii) conversion of subsistence farming to commercial agriculture;[12] and (iii) support for decentralization to local government. It appears the challenge of building institutional capacity for scaling up and sustainability is substantially greater here than in business lines that are more technical in nature, such as irrigation infrastructure investment, rural finance and rural enterprise development. In part, the relative ease of scaling up in these latter three areas may be linked to the fact that traditional line ministries (ministries of agriculture, infrastructure and finance) have relatively strong technical institutional capacity in these areas. In contrast, in the former three business lines government counterpart agencies tend to be weaker or mandates are split up across agencies, which limits the potential for scaling up.

Scaling up different types of project interventions. Judging from our eight country case studies, IFAD has successfully supported scaling up—and the institutional infrastructure needed for it—for single (sub)sector programs (as in Ghana) and for area development programs in limited geographic and jurisdictional areas (e.g., Albania and Peru Highlands Program, Ethiopia Pastoral Program), mostly through a sequence of IFAD projects. It has not been able to scale up multisectoral programs as a whole to national level. What IFAD and some of its client governments have been able to do is to scale up components of multisectoral programs, as was the case for farmer field schools and integrated pest management initiatives in the Philippines and socio-economic development planning in Vietnam. These were cases of full alignment in institutional goals, capacity and culture between the innovation and the scaling-up ministry.

Decentralization. Decentralization can affect the institutional capacity of a country to scale up its rural development interventions. Decentralization in principle affords local governments, and indirectly communities, greater autonomy and accountability to their constituents in responding to their development needs, and it can enhance the willingness of local residents to pay for the cost of governmental services in the form of local taxes and user charges. International experience shows, however, that decentralization works only if local authorities have capacity to implement local programs effectively and the authority and the capacity to raise adequate resources locally or through intergovernmental grants.

Box 4. Decentralization in Peru was Compatible with Successful Scaling Up

In the case of Peru, a number of factors helped implement decentralization and scaling up: (i) The quality of enabling governance was relatively high; (ii) IFAD concentrated on one region with multiple successive projects; (iii) IFAD PIUs were fully embedded in a national agency with strong institutional capacity and an institutional culture supportive of community driven development; (iv) this capacity was backed up by the development of a strong network of think tanks, policy research institutes and other civil society organizations; and (v) administrative decentralization had been accompanied by some fiscal decentralization.

Source: Authors.

The risk with poorly designed and implemented decentralization, often experienced by developing countries, is that local authorities do not have the authority and/or capacity to raise the resources and implement local expenditure programs. Among our case studies countries, Vietnam, Peru, Cambodia and the Philippines have implemented decentralization programs in recent years, supported by IFAD in regard to rural programs. With the exception of Peru (see Box 4), decentralization turned out to constrain the countries' and IFAD's ability to support scaling up rural development programs, due to insufficient financial and institutional capacity at the local level and the lack of an effective national agency that could facilitate scaling across local governments.

Options for IFAD to deal with challenges to create institutional space. IFAD has considerable strengths and experience in specific areas of institutional development, including support for community-based organizations, water user groups, small-holder producer associations, etc. It also generally has good partnerships with the governmental authorities in the countries where it works. However, IFAD's financial resources and institutional capacity are limited, which is a constraint especially in larger countries, in countries with difficult governance conditions, in program areas with complex institutional arrangements, and in situations where ready access to the highest levels of government is needed. IFAD has two broad options for complementing or stretching its resources: It can work with partners and/or it can extend its engagement over a long time. Working with partners can involve other donors with complementary financial and institutional capacities (usually a larger multilateral development bank).[13] A good example for the potential of such cooperation is the case of the Ethiopia pastoral program where IFAD cofinanced with a World Bank Adjustable Program Loan (see Box 3 above). Aside from the additional funding and the helpful long-term APL framework, the Bank contributed heavily to the program's success with its effective access to high-level government and its ability to support the program with institutional and policy analysis and advice. Another partnership option is to work with local nongovernmental organizations (NGOs), think tanks and experts who bring institutional and institution-building capacity, as in the case of Peru. The second option, and one that IFAD has used widely, is to stay engaged in a program area for a long time and to work consistently in helping to build the necessary institutional capacity for scaled-up programs. In Ghana, admittedly a relatively small country with good governance, national scale was achieved through a sequence of two to three projects in individual sectors. Even scaling up at the regional level (as in Albania, the Philippines and Peru) took three or more sequential projects to achieve, and, in the case of Peru, 15 years.

Lessons from IFAD's experience with creating the institutional space for scaling up

Based on the detailed findings of the crosscutting study of IFAD's experience with creating institutional space for scaling up in its program we draw the following conclusions and lessons for IFAD as it moves forward with its scaling-up agenda.

1. *IFAD needs to include in its project preparation process an analysis of institutional constraints to scaling up and develop explicit strategies for overcoming these constraints as the program moves forward along its scaling-up pathway.* So far IFAD has not done much analysis of the institutional environment and potential approaches to creating institutional capacity for its projects. The analysis it does and the solutions it applies are focused mostly on assuring that the immediate project objectives are achieved, rather than on creating the institutional foundation for a long-term scaling-up pathway. The institutional background paper proposes a simple set of analytical tools or questions which IFAD staff could be asked to address as part of the program preparation process.[14]

2. *IFAD needs to assess the risk implications of focusing its institutional strategy on the long-term scaling-up process as part of its project preparation process.* As IFAD shifts its focus from institutional solutions that minimize the chance of project failure to solutions that support a long-term scaling-up pathway, IFAD may find that it has to accept a higher rate of weak project performance in the short term. One way to address this risk is to design specific strategies for transitioning from one institutional approach (suitable for addressing the short-term risks) to longer-term institutional approaches that maximize the scaling-up potential. For example, while starting with a relatively independent PIU in a context of a weak governance environment, IFAD could plan explicitly for the transition to a mainstreamed scaling-up capacity in a suitable government ministry to be prepared in the first project and then implemented in subsequent projects. However, this approach may well fail if the initial institutional set up becomes firmly established and supported by various interest groups that see it to their advantage to maintain the original institutional setup. This risk must be explicitly factored into the institutional analysis and monitored during program implementation.

3. *IFAD needs to develop simple M&E tools that help it track progress in creating the necessary institutional space for scaling up of its programs.* Currently, IFAD monitors and evaluates the institutional dimension of its programs only in limited ways and without focusing on the progress towards the institutional platform needed for successful scaling up and sustainability of the scaled-up program. The crosscutting background paper suggests some simple tools or questions that could serve as a guide for the design and implementation of a suitable M&E approach.

4. *IFAD needs to assess how institutional requirements and solutions for scaling up differ across lines of business and provide guidance to its country teams based on this analysis.* Appropriate institutional approaches differ across business lines. As part of a broader assessment of the scaling-up experience and options for specific business lines, IFAD should pay special attention to the different institutional challenges and the specific solutions that might be found in addressing likely institutional obstacles.

5. *IFAD similarly needs to assess how institutional requirements and solutions for scaling up differ in different country settings and, in particular, fragile states.* Countries with strong governance capacity are likely to face less difficulty in creating the institutions needed for scaling up than countries with weak governance and especially fragile states. Since IFAD will likely be more focused on providing assistance to countries with weak governance and fragile states, it should explore options for appropriate institutional responses as it pursues scaling up in these settings. These options might

include using sectoral, rather than multisectoral programs; limiting the scale targets to more modest objectives in the medium and longer term (e.g., by focusing on a particular region or minority); implementing multiple, successive programs over a long time span; and cofinancing with other donors, especially some of the large multilateral banks.

6. *IFAD needs to provide guidance to its staff on how to pursue scaling-up pathways in a context where countries are pursuing a decentralization process.* Many developing countries are implementing decentralization strategies, giving their local governments a greater role in the development agenda in general and specifically in regard to rural development. IFAD often supports this process. However, unless carefully managed, the transition towards more decentralization can lead to a significant mismatch between local government responsibilities and local government institutional and fiscal capacity to deliver. If this is the case, and if central government guidance, technical support and financial support mechanisms for local governments are weak, the scaling-up process will be impeded, as local authorities may not have the capacity, resources or incentives to participate in a scaling-up process. In such situations, IFAD country teams need guidance and best practice examples of how to assess the decentralization process and how best to support the scaling-up process, including by strengthening national or provincial level capacity to support, guide and incentivize local governments.

7. *IFAD needs to provide incentives to its country teams to assure they focus on long-term scaling-up pathways and the institutional implications of pursuing them.* In the past, the incentives for IFAD country teams have been skewed against the long-term scaling-up perspective and the institution building needed for it. Suitable guidance, training, budgetary support and merit rewards need to be given to teams, including the many consultants that provide technical support for IFAD project design and implementation, so that they effectively implement the scaling-up strategy, including its institutional dimension.

4. PARTNERSHIPS FOR SCALING UP

IFAD needs partners to scale up the programs it supports. Partners from the country where it works are always indispensible, given the nature of IFAD's mandate and operational modalities. Government partners are IFAD's borrowers and grant recipients, and they implement the projects with IFAD support. IFAD and the government work together with other national stakeholders to ensure the projects are well designed and effective. In addition, IFAD often needs to work with external partners to attract additional funding, to complement its own limited capacity in policy dialogue and institution building, and to help shape a cohesive programmatic approach in which the resources of the government and external donors are combined effectively to support scaling-up pathways, especially for sectoral or thematic areas of the country's development strategy.

The new IFAD Partnership Strategy (IFAD 2012) explicitly notes that effective partnerships are critical for the implementation of IFAD's scaling-up agenda, and it provides a useful platform on which IFAD can build in moving forward. The Strategy offers a good definition of partnerships, which highlights key dimensions of partnership, stressed in italics below:

> "Collaborative relationships between institutional actors that combine their *complementary* strengths and resources and work together in a *transparent, equitable and mutually beneficial* way to achieve a *common goal* or undertake *specific tasks*. Partners *share the risks, responsibilities, resources and benefits* of that collaboration and *learn* from it through regular monitoring and review," (p. ii, italics added).

IFAD has to seek out other partners with whom to work, but at the same time potential partners need to be willing and ready to cooperate. One of the key questions for IFAD, therefore, is how it can turn itself into a "partner of choice." This is one of the main questions that the crosscutting background work on country-led processes and partnerships explored based on the experience with the country case studies and other relevant information.[15] In this section, we briefly review the challenges IFAD faces in working with both domestic and external partners in scaling up.

Working with domestic partners

IFAD generally has received high marks for good partnership with its government counterparts in country, based on the evidence of our country case studies and confirmed by other evidence summarized in the IFAD Partnership Strategy Paper. In general, IFAD's projects are well aligned with the government's priorities for the rural sector. However, until recently, IFAD's ability to capitalize on this alignment was constrained by the fact that agricultural and rural development was given a relatively low priority in national development plans and budget allocations (Cleaver 2012). Hence, IFAD's ability to leverage local engagement and resources was constrained. With the 2007 food crisis and the continuing global concern about food security since then, the international and national interest towards rural development has dramatically increased, as reflected in the attention and financial resources devoted to agriculture by the G-8 and G-20 and their initiatives supporting agricultural development, rural poverty reduction and food security (Global Agriculture and Food Security Program [GAFSP], Comprehensive Africa Agriculture Development Programme [CAADP], etc.). These developments should help IFAD assure more intensive engagement by recipient governments in its mandated area, a key factor of effective scaling up of rural sector interventions. IFAD can reinforce this momentum with its continued intensive engagement in G-8 and G-20 agricultural forums and working groups, and by spearheading agricultural productivity and rural development as core building blocks of the Global Partnership for Effective Development Cooperation established by the Busan High Level Forum on Aid Effectiveness held in December 2011.

Four aspects of IFAD's country partnerships deserve special highlighting:

First, IFAD has to be careful in the way it selects its principal government partner agency to ensure that there is alignment between IFAD's operational objectives and approaches. This strategy is particularly relevant for its frequent support for community-driven development initiatives, for its narrow targeting on the poorest rural beneficiaries, and for its increasing engagement with value chains. Partnering with the ministry of agriculture may be appropriate for reasons of budget resources, political clout and high-level policy access, but, as we noted above, these ministries often have cultures that are focused on technical, agricultural solutions rather than on the broader social dimensions and business linkages IFAD is trying to foster. On the other hand, those agencies that are more aligned with IFAD's approach (such as the National Commission on Indigenous People and the Department of Agrarian Reform in the Philippines) tend to be less well placed to support scaling up, since they often do not have effective access to budget resources and high-level policymaking. In the case of rural finance programs, it is essential for IFAD to partner with a country's ministry of finance and central bank, as it did successfully in the case of rural finance reform in Ghana.

Second, IFAD needs to find ways to broaden its engagement with stakeholders beyond the government agencies that it works with most directly. Perhaps the best example for the building of a successful stakeholder alliance in support of scaling up an IFAD-supported program is the Peru Highlands program, where communities, think tanks, academics, private sector interests and government agencies at the national and local level cooperated with each other and IFAD in support of a long-term scaling-up pathway. There are also risks from such partnerships, of course, as can be seen in the case of Moldova, where the interests of the commercial banks, the commercial farming sector, the partner government agency and the IFAD-supported PIU all converged in setting up and maintaining a credit program that was inherently unsustainable without IFAD financial injections, since the necessary policy reforms that might have created a sustainable private rural credit system were not pursued. Perhaps IFAD's biggest challenge as a public sector institution is to partner effectively with private business, especially in the context of value chain development (see below).

Third, in developing its engagement with local partners IFAD needs to think through how best to select or help build those institutions that can drive the scaling-up process, as well as those institutions that ultimately will be able to sustain the scaled-up program over time, even after IFAD withdraws. Seen from this perspective, the challenge of building effective domestic partnerships is closely related with the challenge of creating institutional space that we discussed above.

Finally, building effective domestic partnerships for scaling up takes time—often many years—and hence requires continuous and sustained engagement and continuity by IFAD and its country team. Country presence of the CPM likely helps (as in the case of Peru), but, from the experience of our country studies, it would appear that the focus, personal capacity and continuity of the CPM are perhaps an even more important factor in this regard (as in the case of Ghana).

Working with external partners

In its support for scaling up, IFAD also needs to work with external partners—mostly other official donors, but increasingly also nongovernmental external partners, including international NGOs, foundations and private partners. IFAD has a range of modalities for cooperation with such partners, from the more formal and intense relationships involving contractual cofinancing or cooperation agreements to the more informal collaborative arrangements of parallel financing or, even less close, loose coordination and information sharing.[16] Partnership may also involve the agreement between the government and multiple donors to support a jointly financed program[17] or a looser agreement among donors to support a sector strategy and investment program in a coordinated manner.

From the scaling-up perspective, the key role of partnerships between the government and multiple external partners is that it allows the complementary and synergistic capacities of different partners to support a scaling-up pathway that needs multiple inputs from the partners, including large-scale finance, support for policy reform and institution building, and technical skills and experience in particular project areas. Partnerships can also serve as a commitment mechanism in which the agreement among the various partners serves as an instrument to exert some pressure on all participants to stay the course, whether it is the government or individual donors. Once the program is agreed, the risk of derailing it from its scaling-up pathway because of the departure of one partner can be enough of a threat to make either the government or any individual donor think twice before bailing out.[18]

The experience of IFAD in creating an appropriate partnership space to date has been a mixed bag. From our case studies, there are examples of excellent partnerships in support of a highly successful scaling-up pathway, e.g., the partnership between the government of Ethiopia, the World Bank and IFAD in support of the pastoral development program funded under an APL (see Box 3 above). In contrast, the credit program in Moldova is a case of missed partnership opportunity, where IFAD supported one program, administered by its PIU, while the World Bank supported a parallel program administered by a department in the Finance Ministry.[19] On balance, the impression one gets from the eight case studies is that there were many opportunities where more outreach to other external partners, especially the multilateral development banks, could have yielded considerable benefits in supporting the scaling up of successful, IFAD-funded projects, particularly in regard to funding, policy reform, institution building and commitment.

We also pulled together other available evidence on IFAD's partnership performance, including the IFAD Partnership Strategy Paper, program evaluations by IFAD's Independent Office of Evaluation and assessments by other external sources, including other official donors as well as academic and think tank sources. The key findings are as follows:

- IFAD's overall performance as a partner has improved in recent years, but there remains significant room for further improvement.
- IFAD's partnership performance is rated lower by the external partner staff in-country than by the partners' headquarters staff.
- International development agencies have the lowest assessment of IFAD as a partner relative to other donors.
- IFAD's performance is rated highly in regard to technical competency and flexibility, but rated lowest in regards to accountability and timeliness.
- IFAD rates low on transparency, fostering institutions and learning relative to other donors.

Lessons from IFAD's partnership experience for scaling up

From this review of the partnership experience we can draw the following conclusions for IFAD as it aims to pursue a scaling-up agenda with a particular focus on how IFAD can ensure it is the partner of choice for its potential domestic and external partners.

1. *IFAD needs to engage at the global and country level as a leader in the pro-poor agricultural, rural development and food security agenda, placing special stress on scaling up.* Engaging at the global and country level in promoting a better understanding of the urgency of this agenda will provide more opportunities for IFAD to scale up by assuring that more resources flow into these areas, more attention is paid to the important policy and institution-building agendas in support of scaling up, and more systematic and programmatic approaches are applied in support of scaling-up pathways. At the global level, IFAD should take a lead in spearheading agricultural productivity and rural development as core building blocks of the Global Partnership for Effective Development Cooperation and should establish a network of agencies engaged in the exploration of the best experience and approach to scaling up effective agriculture, rural poverty and food security programs. At the country level, IFAD should engage in a lead role in shaping the donor dialogue on agriculture, rural development and food security in the key business lines in which it is engaged and should participate in the overall country deliberations on the role of agriculture, rural development and food security in the context of national and sector planning to ensure its ideas on scaling up successful interventions get a full hearing.[20]

2. *IFAD carefully needs to assess its potential domestic partners in terms of actual or potential alignment with the goals of the IFAD program, those partners' capacity to serve as scaling-up agencies or as agencies that sustain the program once it has reached scale, and their readiness to engage in multi-stakeholder coalitions.* IFAD is generally a welcome partner in the country, which is a strong plus in its ability to scale up. However, it needs to assess the opportunities and risks of working with alternative partners in the context of the role those partners can play as drivers and implementers of the scaling-up process. For addressing the more complex rural development challenges, increasingly multi-stakeholder alliances will be the norm, involving public, nongovernmental and private domestic actors, as well as multiple international actors, public and private. IFAD needs to pursue and team up strategically and selectively with partners who share its scale objective and who understand that a partnership approach is required for scaling up.

3. *IFAD needs to reach out systematically to key external partners at the country level, not only other multilateral agencies, but also bilateral official agencies, foundations, international NGOs and international business partners.* IFAD is a small donor with limited capacity. For scaling up it needs to seek partners who have complementary capacity, especially in the policy, institutional, fiscal, financial and knowledge spaces. IFAD has many strengths as a partner, but it can come across as aloof and disengaged from potential external partners on the ground. IFAD should take a visible role in shaping the agenda in those areas in which it is engaged in a country, including leading the formulation of (sub)sector strategies and participating in sector-wide approaches (SWAps) and other sector coordination efforts (such as CAADP).

4. *Outposting of CPMs to the countries will help strengthen domestic and external partnerships, but by itself it is neither necessary nor sufficient.* The outposting of CPMs will help with partnership building on the ground, since country presence is a key factor in ensuring ready access to information, establishing trust with counterparts, and participating in a timely manner in planning and evaluation exercises that are key to assuring effective donor cooperation. However, other factors may ultimately be more important, especially

the professional orientation and capacities of the CPM, her/his longevity on the post and the incentives under which she/he operates. Selecting and promoting CPMs that have a demonstrated partnership orientation, rewarding CPMs who have successfully supported scaling-up pathways and encouraging longevity in the job are all key elements of a successful human resources strategy in support of scaling up.

5. *IFAD needs to be fully transparent in the release of its operational program information*. If domestic and external stakeholders cannot readily establish what IFAD is doing due to lack of transparent information management by IFAD then this obstacle will act as a deterrent to others in working with IFAD, especially at the country level. Again, the outposted CPM would have a greater opportunity to share relevant information with others in the country in a transparent and timely manner. This opportunity may be facilitated by the development of country program Web sites and by ensuring that IFAD is fully supportive of local government or donor efforts to improve the country's aid database.

6. *In building solid and productive partnerships for scaling up, IFAD needs to remain focused and strategic rather than pursuing a scattershot approach.* Building and maintaining partnerships can be costly in terms of time and staff resources, and it can involve risks of program failure due to non-delivery by other partners. Building these partnerships requires a careful assessment of the experience of working with different partners over time and a focus on those who are most complementary in terms of capacity and resources and most promising in terms of alignment of interest and willingness and ability to commit.

5. MONITORING, EVALUATION AND RESULTS MANAGEMENT FOR SCALING UP

This section reviews whether and how IFAD's results measurement and management as well as its monitoring and evaluation practices support the scaling-up agenda. We draw on the findings of our eight country studies and on a review of documentation of corporate-level assessments and evaluations.[21] The review does not cover the broader issues of knowledge management in IFAD.

IFAD has in place an elaborate process for results measurement and management and for M&E at the project, country and corporate levels. In contrast, IFAD's impact evaluation practices are in their infancy. These processes are driven in part by management and in part by IFAD's Independent Office of Evaluation. Some of these processes result in reports for internal management purposes and others for the Executive Board and external audience.

Under the Ninth Replenishment of IFAD, management is committed to pursue not only an ambitious scaling-up agenda, but also an effective results measurement and management process, strengthened M&E and intensified impact evaluation. Indeed, effective results measurement and management, M&E and impact evaluation are critical components for implementing a scaling-up agenda. However, IFAD's monitoring and evaluation processes have to be adapted to reflect the scaling-up objective, since one needs to know not only whether and how an intervention works in the specific project context, but also whether and how it contributes to a longer-term scaling-up pathway and how the drivers and spaces support or constrain the scaling-up prospects. In the remainder of this section we first review project- and country-level processes for M&E and results management. We then consider corporate-level processes, always from a scaling-up perspective. We summarize our recommendations at the end of the section.

Project- and country-level processes

IFAD's results measurement and M&E are elaborate in design, but weak in implementation as a result of lack of ownership by governments and because of weak capacities and lack of incentives in IFAD and government agencies. Results measurement and M&E are—with a few exceptions—focused principally on individual projects and their implementation, rather than on whether scaling up is happening. They are, however, not focused on testing and learning about the effectiveness of particular ideas or models under standard conditions, and not on why and how scaling up is (or is not) happening along a particular scaling-up pathway. At this time, IFAD does not have a methodology that adapts results measurement, monitoring and evaluation, and impact evaluation to a scaling-up agenda.

Current practices have a number of limitations from a scaling-up perspective: (i) With the exception of the new evaluation handbook of the Independent Office of Evaluation, IFAD guidelines do not ask the right questions regarding scaling up; (ii) the scoring system does not clearly articulate key scaling-up dimensions; (iii) results measures do not measure progress against longer-term scale objectives; (iv) staff and consultants do not have the necessary skills, training and incentives to focus on scaling up; (v) the timing of relevant evaluations and reports is generally too late in the project cycle to provide inputs to the scaling-up decision; and (vi) project "logframes" (logical frameworks) and COSOP results-management frameworks are not appropriately linked. However, IFAD has an example of effective M&E for scaling up in the case of the Ethiopia Pastoral Development Program, which could serve a guidance tool for other projects and programs (see Box 5).

Impact evaluations as used in IFAD to date are in principle useful for scaling up, but they are not yet

Box 5. Monitoring of a Scaling-Up Pathway:
The Ethiopia APL—Pastoral Community Development

The Ethiopia APL for Pastoral Community Development provides an example on how monitoring systems can be built for a scaling-up pathway, both to monitor the scaling-up process and to establish institutional capacity for monitoring. The Ethiopia APL program consists of a three-phased program (see Box 3). A single monitoring system is to be sustained throughout the whole 15-year period. While some alterations can be made during different phases, frequent shifts in focus and design are discouraged. This is distinctly different from monitoring systems designed to monitor IFAD projects, where each project is monitored by a freestanding monitoring system. Even if IFAD projects are sequential projects, monitoring systems are not continuous systems but are only aligned with each project intervention. This leads to frequent shifts in monitoring approaches and discontinuities that makes monitoring of a scaling-up pathway difficult.

Monitoring under the first phase APL did not perform well, but very important progress has been made during the ongoing second phase. Monitoring data are now regularly collected, and reports are comprehensive and well presented. The system clearly benefits from the continuity and persistence in focus under the APL. However, even under the ongoing second phase, there are still shortcomings. Monitoring efforts focus too much on outputs and insufficiently on outcomes. Therefore, these efforts cannot adequately assess the impacts of programs. However, given progress made to date, it is likely that there will be significant further improvements before the second phase will be completed.

Experiences with the APL monitoring system demonstrate that building monitoring and evaluation capacity is a longer-term institution-building task that cannot be achieved within the limited time horizon of freestanding, self-sustained projects typically implemented within a 5-year period. Moreover, the continuity and persistence in focus that an APL program provides allows for a monitoring system to mature without enduring the frequent shifts that project-specific monitoring systems experience.

Source: Authors.

systematically implemented. IFAD is only in the early stages of developing the use of impact evaluations with control groups. Moreover, IFAD does not yet have the staff capacity, guidance materials, training and incentives to carry out effective monitoring and evaluations for scaling up. Finally, midterm reviews and evaluations are potentially good and timely instruments for monitoring and evaluating progress with scaling up, but so far are generally underutilized in this respect.

Corporate-level processes

The Annual Review of Portfolio Performance (ARPP) and the annual Report on IFAD's Development Effectiveness (RIDE) find that there has been progress for supervision, results management and M&E, but that M&E remain weak. They also report on scaling up, but since their assessments are based on unreliable ratings and little project-specific information regarding the scaling-up process, they do not offer a solid basis for the IFAD Board and management to assess progress towards the implementing the scaling-up agenda. The Annual Report on Results and Impact of IFAD Operations (ARRI), prepared annually by the IOE, also notes that M&E are generally weak and that in many cases IFAD country programs lack a scaling-up strategy.[22] Despite these difficulties and limitations, IFAD's results measurement and M&E processes are likely ahead of most, if not all other international aid agencies, in terms of their focus on scaling up.

Lessons from IFAD's experience with monitoring, evaluation and results management

Based on these findings we draw the following lessons and recommendations:

1. *Ideally, IFAD should carry out an in-depth review—with a scaling-up lens—of its results management and M&E practices, especially at the project and country levels*. Such a review should be done with a view to streamlining IFAD's approach for greater implementability and with due consideration to staff and project managers' incentives. Such a review would also aim to recommend measures to strengthen IFAD's results measurement and M&E approach with respect to scaling up.

2. *This review should also assess a number of initiatives that are ongoing or planned at corporate, regional or country levels aimed at enhancing IFAD self-assessment system and/or strengthening M&E capacities at country or regional levels.* These initiatives should be brought under one umbrella in the interest of efficiency and synergy, while also exploring options or partnership building and resource mobilization in support of M&E systems for scaling up.[23]

3. *Any measures to improve the approach to scaling up in results measurement and M&E should carefully prioritize any add-ons in procedures*. It is important to limit additional bureaucratic requirements since the IFAD processes are already burdensome for country teams.

4. *A key priority should be to introduce regular, high-quality midterm reviews or evaluations for COSOPs in addition to a continued use of IOE's country program evaluations (CPEs) as an input to the formulation of new COSOPs.* These reviews should combine an assessment of the overall country program from the perspective of scaling up and of the individual projects currently under implementation and/or preparation.

5. *In this connection, IFAD should develop a simple methodology for measuring results and monitoring progress along scaling-up pathways.* This could build on the "framing questions" already in use now for COSOP preparation.

6. *As IFAD develops and refines its approach to impact evaluations and carries out a limited number of experimental evaluations in line with its commitment under the Ninth Replenishment of IFAD, it should aim to test whether and how standard methodologies can be adapted to include consideration of the scaling-up agenda*.

6. SCALING UP VALUE CHAINS

We now turn to one of IFAD's business lines—value chains—and explore the implications of IFAD's scaling-up agenda for this important area of engagement. In recent years, IFAD has increasingly stressed the role of value chains in agricultural and rural development and in its combat against rural poverty and food insecurity. This increased emphasis has paralleled the attention given to value chain development in the rural development literature and in the practice of other major donors, such as the World Bank and USAID. While between 2000 and 2004 only 14 percent of IFAD projects were labelled as value chain projects, that share jumped to 41 percent in 2005 and reached 69 percent in 2011. Currently, IFAD is preparing many follow-up projects for the first generation value chain projects. It is for this reason that a review of the scaling-up experience and potential for such interventions was included as a cross-cutting study in the Phase 2 IFAD Scaling Up Review.[24]

There is no doubt that value chain development is critical for agricultural growth and rural development in developing countries. Only with effective and efficient linkages along the chain (from inputs into agricultural production to processors and all the way to final consumers) can agriculture grow, meet the needs of global food security, and create the opportunities for rural employment and income growth essential to rural poverty reduction. These broad growth and trickle-down poverty reduction benefits have caught the attention of donors such as the World Bank and USAID. IFAD, in contrast, focuses on interventions in support of value chains with the explicit aim to foster the inclusion of its target beneficiaries: the very poor in rural areas. The argument is that small-holder farmers, like all other farmers, are private entrepreneurs who need access to efficient input and output markets and, hence, benefit from the development of value chains. Moreover, IFAD has some bad experiences with raising production of agricultural output of poor farmers where the very success in terms of increased output led to a collapse of producer prices in the absence of a commensurate expansion of markets (e.g., cassava in West Africa; see Box 6 below).

IFAD's experience with value chain projects

So far IFAD's experience with scaling up the impact of value chain programs has been limited, since it is only just finishing the first generation of value chain projects. However, there are a few cases that provide some indicative lessons. Three of these cases are briefly highlighted in Box 6.

Our review of IFAD's country program evaluations and evaluations of selected individual programs show that support for value chains is not an easy area of engagement for IFAD. While most value chain operations were rated "moderately satisfactory" overall, many ratings on specific aspects of these projects were "marginally satisfactory." These evaluations point to two main interrelated challenges that IFAD faces in its engagement in value chains. First, evaluations noted that IFAD projects were often insufficiently targeted towards the poorest and women. Second, evaluations noted that IFAD had difficulties in working with private sector partners in the development of value chains even though the private sector is critical for value chain development. In fact, there is a tension between these two goals: The more IFAD targets the poorest farmers, the less it is able to attract the interest of private business participants in the value chain, since private business has often difficulties in dealing with the smallest and poorest producers—the cost of doing so is high and margins low. The more IFAD works with private business interests, the less it can demonstrate a direct impact on the poorest farmers.

Box 6: Scaling Up of Value Chains: Three Examples from IFAD's Experience

The West African Root and Tubers Expansion Programs: These programs involved sequenced projects. The first phase projects supported production processes, which resulted in large increases of root and tubers. Production support was offered, especially for cassava, but the production increases without additional marketing outlets led to surplus production. In several countries, production gluts resulted in income declines rather than income increases for farmers. The objective of poverty reduction was thus not achieved as household incomes were reduced as a result of increased production. IFAD rightly concluded that production support cannot be disconnected from marketing support and that an integrated value change approach needs to be pursued. Second-phase projects thus focus on marketing of products through better linkages to West African urban markets. However, surprisingly, in the case of the Nigeria program the second-phase project is not presented as a scaling-up project with a well-articulated scaling-up pathway, and the project documentation does not explicitly assess the experience of the preceding operation.

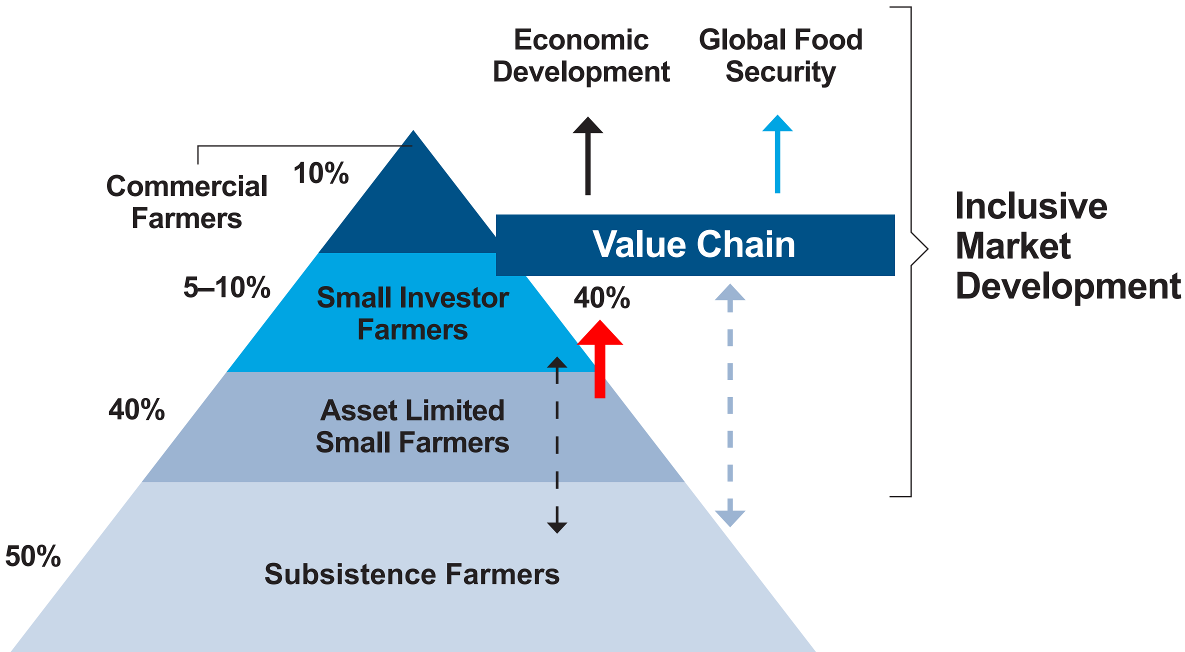
The Tanzania Agricultural Marketing Infrastructure, Value Addition and Rural Finance Support Programme: This project was approved in 2010 as a scaling-up operation, as the first-phase approach is to be taken to a larger scale, reaching out to a wider area. The program focuses particularly on the financial space, infrastructure space and institutional space. The program does define a set of activities to support creating the necessary spaces on the scaling-up pathway. Support to the rural financial system with a special focus on savings and credit associations, support to the provision of rural infrastructure, and strengthening of producer and marketing associations figure very prominently in the second-phase program, but it lacks a definition of the scale objective and of the pathway to be pursued. This omission will make it difficult to monitor progress and make adjustments in it, as the goal posts have not been sufficiently well defined. Since the second phase has not yet started, it is premature to comment on the actual scaling-up experience.

The Uganda Vegetable Oil Development Projects: The Uganda Phase 1 and Phase 2 projects are not designed as scaling-up operations. Phase 2 is rather the completion of an unfinished agenda, as Phase 1 could not be completed for various reasons, including civil unrest in northern Uganda. However, important lessons of the Uganda project are (i) the lengthy negotiations that might be necessary with a large private sector operator as investments programs are redefined and (ii) the reluctance many small-holder farmers have in shifting much of their production into commercial crops. The Uganda project finds it very difficult to induce farmers to shift out of food crops into commercial crops, as farmers are understandably risk averse.

Source: Authors.

A simple model of agricultural development actors and their links to value chains may help explain the challenge IFAD faces. As shown in Figure 2, farmers can be grouped in four categories in a pyramid: At the top are a relatively small number of commercial farmers with easy and direct links to the agricultural value chain, followed by another relatively small group, the "small investor farmers," who usually already have some links to agricultural value chains and can be readily helped to gain access where they do not. Both

Figure 2: Inclusive Market Development with Value Chains



Source: Woodhill, Jim, Wagening UR Center, Presentation to IFAD on June 14, 2012; also based on Figure 1 in Don Seville, Abbi Buxton, and Bill Vorley, Under what conditions are value chains effective tools for pro-poor development, iied (2010).

these groups benefit from improvements in the working of the chain. The two bottom groups, which make up the great majority of farmers in developing countries are the "asset limited small farmers" and the "subsistence farmers." The last group represents the poorest farmers, who IFAD is supposed to target. But these farmers have little hope of accessing value chains if they remain subsistence farmers. So the challenge of inclusive market development for IFAD is to find ways to move the poorest farmers from subsistence status to at least asset limited status and to find ways to get the asset limited farmer linked to effective value chains.

IFAD faces a number of additional challenges and tensions in its support for value chain development: (i) As the chain develops, market power tends to shift towards the larger, leading enterprises in the chain, which often squeezes the margins, and hence the benefits, for the smaller and poorer farmers; (ii) subsistence and even asset limited farmers understandably tend to be risk averse and hence slow in the uptake of new farming techniques, products and marketing arrangements; (iii) poor women, a special target group of IFAD, tend to be less able to benefit from value chain, since they have little access to land, credit and other inputs and tend to be squeezed out by their male counterparts, even in the production of what are traditionally seen as "women products;" (iv) value chain development requires the introduction of supportive policies and institutions, an area in which IFAD has limited capacities for engagement; (v) IFAD is more familiar with dealing with public sector institutions than with private business and has found that doing so can be protracted, be time consuming and have uncertain outcomes; (vi) IFAD needs to look beyond its traditional small-holder target group, since value chains also can benefit the rural poor as wage laborers with the creation of farm and off-farm employment; (vii) IFAD faces a challenge of focus—on the one hand there is the need to support effective value chain development across the entire chain, since a bottleneck anywhere in the chain may create serious problems, while on the other hand, IFAD needs to focus its limited resources and capacities on a few critical links and on its target groups; and finally, (viii) as IFAD is now moving beyond first-generation value chain projects into follow-up operations, it faces the question of how to effectively scale up the impact of the programs that it supports.

Fortunately, IFAD has developed good experience in some key aspects of value chain development with its support for community-based producer groups and cooperatives, rural credit institutions, warehouse receipt schemes and microcredit (and savings) schemes, land titling, extension services, crop insurance, etc. These areas are where IFAD's engagement in support of value chain development can be especially helpful, even more so as it now moves towards scaling up the impact of its support for value chains.

Pathways, drivers and spaces for scaling up value chain programs

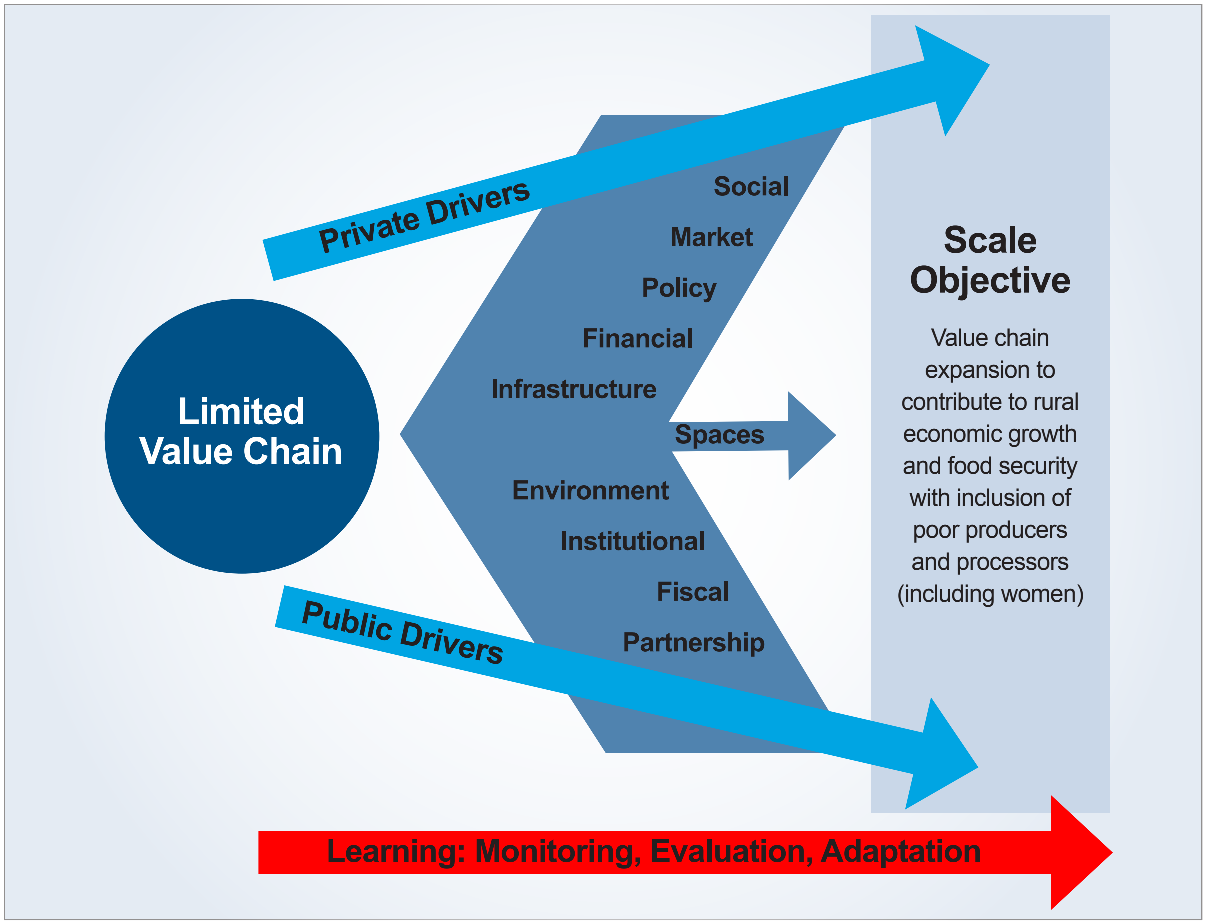
Value chain development as a concept embodies the scaling-up idea, since one no longer focuses on a particular aspect of the chain, but on the whole chain. However, value chain development can and should go beyond this inherent scaling-up aspect and explore all three dimensions of scaling up: *horizontal* scaling up, by extending the value chain coverage to more geographic areas and beneficiary groups; *vertical* scaling up, by moving from local interventions to address provincial and national policy and institutional constraints; and *functional* scaling up, by extending value chain interventions from one commodity to another.

Figure 3 pulls together the key elements of a scaling-up *pathway* for value chains. Starting with a limited value chain initiative, the first step is to define the scale objective, then explore the drivers that will push the process forward and the spaces that have to be created (or obstacles removed) to allow the scaling-up process to proceed. Along the way, a learning process, usually involving some form of monitoring and evaluation, has to inform the scaling-up pathway so it can be suitably adapted in light of the evidence collected.

As for all scaling-up efforts, it is important to define up-front, at least in broad terms and subject to adaptation over time, the scaling-up pathway for the value chain in question. This pathway includes what extension of the chain one is considering, the principal target groups and ultimate scale of impact aimed for, intermediate targets, the drivers and enabling spaces that will support the scaling-up process, and the learning process one envisages along the way. A few lessons stand out.

There are no blueprints for scaling-up pathways of value chains: They are commodity and country-specific. Pathways to scaling up will differ according to commodities, as production, processing, technology requirements, quality standards and trading systems differ across commodities. Moreover, different countries have different institutions and capacities, different bottlenecks for the various links in the chain, and different physical production, land tenure and community development conditions. Yet, there will likely be similarities for a given commodity and similar country conditions, and hence lessons can, to some extent, be transferred from one country to the next, as for example in the case of the West African Root and Tubers Expansion Programs.

Figure 3. Scaling Up of Value Chains: Pathways, Drivers and Spaces



Source: Authors.

IFAD value chain projects typically start on a small scale and are expanded over time. Either IFAD launches the program itself or builds on models tested by other partners. For example, the Nigeria Value Chain Development Programme, approved in July 2012, builds on models tested by the German donor agency, Gesellschaft für Internationale Zusammenarbeit (GIZ). The Sri Lanka National Agribusiness Development Programme and the Nepal High Value Agricultural Project in Hill and Mountain Areas are both built on small programs launched by NGOs and subsequently expanded by Netherlands Development Organization (SNV).

Pathways to scaling up value chains require a long-term horizon. For the value chain programs reviewed, implementation appears to take a much longer time than the seven-year average implementation period for IFAD projects, probably more on the order of 12-15 years.[25]

Value chains can have different *drivers*, the most common being producers, buyers, facilitators and members of integrated chains. For IFAD projects the government and IFAD are typically the key drivers, since programs tend to involve early stages in value chain development and since private sector drivers tend to have less interest in the value chains that reach out to poor producers. The Ghana Northern Rural Growth Project is an example of this type of approach. However, IFAD has also supported programs where the buyers (supermarkets and exporters) or integrated chains (multinationals) serve as drivers, with IFAD aiming to assure the extension of the chain to smallholder farmers, as in the case of the Sri Lanka National Agribusiness Development Programme. IFAD has also supported the development of producer associations of poor farmers in the expectation that these associations can drive value chain development in the interest of the small holders. As value chains scale up and mature over time, one would expect that the role of the government and donor facilitators will decline, while that of the private drivers will increase. The pace of this transition will vary from case to case, but the scaling-up pathway should be designed in a way that it enables this transition to occur in good time, even as bureaucratic interest or inertia may tend to delay or prevent it.

Scaling up of value chains requires the creation of enabling *spaces* (or removal of constraints) so that the impact at scale can be reached and sustained. The most important of spaces that need to be created are the following: (i) Social space is needed for poor farmers, and especially poor women farmers, to have access to and benefit from scaled-up value chains; (ii) market space has to be opened up so increased production will not result in lower prices and possible losses for farmers; (iii) reforms are often needed in the policy space to remove regulatory constraints on private business that may impede the scaling up of value chains; (iv) since most participants in the value chain rely on access to credit for their operations, financial space is needed; (v) similarly, infrastructure bottlenecks frequently constrain value chain development and need to be addressed; (vi) as value chains expand they may run into environmental constraints which have to be effectively managed; (vii) appropriate institutions are needed to support sustained scaling up of value chains; and (viii) fiscal resources are needed to sustain grant-based programs, especially for rural credit and infrastructure. Considering the complexity of value chain development and the limited resources IFAD has at its disposal, it is essential for IFAD to create an effective partnership space, i.e., work with partners throughout the scaling-up process, including partners from the farming communities, governmental authorities at national and subnational levels, and private business. Finally, in the learning space, IFAD has to go beyond its currently very limited monitoring and evaluation practices of its value chain operations, which so far do not permit it to ascertain whether and how its value chain operations are scalable. If IFAD simply replicates current practices without a good understanding of whether the desired impacts on the target groups are achieved and what needs to be done to pursue appropriate scaling-up pathways, drivers and spaces, IFAD may well end up supporting faulty scaling-up processes.[26]

Lessons for IFAD's support of scaling up value chains

We reviewed in detail the opportunities and challenges of scaling up value chains for two main reasons: First, in recent years IFAD has experienced a significant shift towards loans and grants supporting the development of value chains, with a large number of follow-up projects on the drawing board, many of which will be, or should be, pursuing scaling-up objectives. Second, the review of this particular line of business for IFAD can serve as an example for further possible reviews of scaling-up opportunities and challenges in other lines of business that IFAD supports. The main conclusions from our review can be summarized as follows.

1. *IFAD needs to address the tension between its poverty-targeting objective and its scaling-up objective*. When supporting the scaling up of value chains, IFAD will find it increasingly difficult to narrowly target the poorest subsistence farmers. It can address this challenge in three ways: (i) Assist subsistence farmers in becoming small asset farmers and help link these to value chains; (ii) like other donors, recognize that value chain development and scaling up can foster growth of the rural economy and help address food insecurity issues, thus indirectly bettering the lives of the very poor; and (iii) support the poor in finding rural wage employment and developing small enterprises as way to ensure that they benefit from the scaled-up value chains. The best combination of these three approaches will differ from country to country and from commodity to commodity.

2. *When targeting the poor, especially poor women, IFAD needs to measure not only the impact of value chain growth on access, but also on the benefits obtained by the target population*. Access to a value chain alone does not guarantee increased incomes and welfare for the poor. IFAD needs to develop monitoring and evaluation tools that specifically measure the impact of value chain development on the poor, including farm gate input and output prices, profit margins, wages, etc.

3. *IFAD needs to assess and, where necessary, help mitigate the risks poor farmers face as they enter commercial farming and access a value chain.* Poor farmers, and especially subsistence farmers, are acutely aware of the risks they face by shifting to commercial farming, with unpredictable changes in input and output prices and the natural hazards of less diversified farming. These obstacles act as a disincentive for poor farmers to join value chains. IFAD needs to realistically assess and as far as possible help them mitigate these risks. This could include a more resilient crops and/or water resources, more diversified access to markets, crop insurance, rural credit mechanisms, etc.

4. *IFAD needs to consider the scalability and sustainability of its value chain interventions against the available fiscal and financial resources.* Program components that rely heavily on national or local public budgets once donor support ends (especially infrastructure and other grant financed interventions) face inherent problems of scalability and sustainability. IFAD needs to design programs that control costs and rely where possible on cost recovery from beneficiaries (e.g., irrigation charges) as a way to minimize the call on budget resources. It also needs to engage with governments to assure that there is a clear understanding of and commitment to future budget allocations necessary to sustain the scaling-up pathway for the value chain that IFAD is supporting.

5. *IFAD needs to focus its support for value chain development and scaling up on those interventions where it has a comparative advantage as a small, specialized international donor agency.* Value chain development involves many actors, institutions, instruments and issues. IFAD needs to engage with those where it has the greatest expertise and where its limited financial resources have the greatest leverage. This focus will differ from country to country and from commodity to commodity, but will generally involve a focus on community empowerment and support for farmers' associations, financial and technical assistance for small-holder farmers, including and especially women, and assisting governments in planning for commodity specific scaling-up pathways of value chains. IFAD will also want to develop further its capacity to interact with and attract private business interests to learn about and respond to the opportunities of pro-poor value chain development.

6. *IFAD needs to build strong partnerships, not only with governments, but also with private and other donor counterparts.* Given the complexity of value chains, the important role that private actors play in them and the complementary strengths that other donors can bring to the table, IFAD must reach out to partners beyond its traditionally strong partnerships with government agencies if it wishes to scale up value chains. Private actors bring business and

technical know-how, market access and financial resources, and ultimately are the drivers of scaling up in the long-term. Other donors bring capacity for policy dialogue, institution building, infrastructure finance and financial sector development, and contribute insights on commodity specific pathways, all of which complement IFAD's own strengths. In selected countries and commodities, IFAD may wish to take a lead role in shaping donor support programs for scaling up value chains, while in others it may wish to be a non-lead player. However, in all cases, it will need to reach out to partners, participate in cooperative ventures and be ready to join stakeholder alliances. Enhanced country presence by IFAD will be a key element in this context.

7. *As IFAD increasingly supports the scaling up of value chains, it needs to assure effective learning and adaptation of the scaling-up pathways.* IFAD needs to develop appropriate monitoring and evaluation approaches for its value chain projects and help its partner countries build their own monitoring and evaluation capacity. This requires a focus beyond measuring merely the immediate project implementation performance and project impact by learning about key elements of the scaling-up pathway, including how to assure the necessary scaling-up drivers and spaces and how to adapt scaling-up pathways in the light of experience. It also requires IFAD support for countries to develop the monitoring and evaluation institutions that will do the same after IFAD finishes its engagement in the particular value chain.

8. *IFAD would benefit from an in-depth evaluation of its value chain experience and from similar evaluations of its other principal lines of business.* Scaling-up pathways are business-line specific. Much can be learned from assessing the scaling-up experience across countries for IFAD's major business lines. This assessment of scaling up value chains demonstrates how IFAD's experience with specific business lines might be assessed. A more detailed and systematic evaluation of IFAD's experience with value chains and similar assessments of scaling up in other lines of business should be developed as a way to give country program managers the necessary tools and insights in shaping scaling-up pathways for specific programs in their respective countries. These assessments could be carried out either as formal evaluations by the IOE or as technical studies by IFAD experts.

7. GETTING FROM PROJECTS TO SCALING UP PROGRAMS: IFAD'S OPERATIONAL MODALITIES, CHOICES AND CHALLENGES FOR SCALING UP

This study confirms a key conclusion of the first phase of the Brookings Institutional Scaling Up Review (Linn et al. 2011): In its quest to turn itself into a "scaling-up institution," IFAD's biggest challenge is the need to overcome the deeply ingrained project culture of the institution. Instead, it needs to develop country and sectoral strategies, operational policies and processes, and the incentives, human resources and mindset focused on a longer-term scaling-up approach to its work. Under such an approach, success would not be principally defined and measured in terms of whether a particular project at completion achieves certain impacts on beneficiaries, but whether it has succeeded in creating the platform with which (i) successful elements of the program with scaling-up potential supported by the project can be identified; (ii) institutional capacity and partnerships have been created to help replicate and scale up the successful innovations; and (iii) other key drivers and spaces for the subsequent scaling-up pathway have been identified and promoted. Such an approach to scaling up requires a long-term perspective and an operational approach in which IFAD makes strategic choices and addresses a number of key challenges in its pursuit of the scaling-up objectives. These choices and challenges are summarized in the section.

A strategic approach to scaling up: The COSOP

The Country Strategy Opportunities Program (COSOP) is an important instrument for developing a strategic approach to scaling up. COSOPs, therefore, need to focus explicitly on the scaling-up agenda by identifying the scaling-up pathways for the key business lines that IFAD plans to pursue in a particular country. The COSOP should lay out the ultimate scaling-up goals and intermediate benchmarks, the drivers and spaces, and the monitoring and evaluation approaches that will be used to track progress. COSOPs also represent a management instrument to ensure IFAD's country program goals are consistent with its institutional goals and vice versa. For scaling up, the institutional goals of reaching 90 million people and lifting 80 million out of poverty by 2015 are of particular significance. COSOPs should identify what contribution particular country programs expect to make to this goal.[27]

The "guiding questions" on scaling up, which IFAD has already developed for COSOP preparation, provide appropriate guidance to CPMs. But scaling up needs to become an integral part of the COSOP's operational strategy, rather than being relegated to a separate annex as is now frequently the case. And writing a good COSOP is not enough. COSOPs actually have to become an effective operational instrument for managing country programs, which often appears not to be the case, since it is individual projects that get most of the attention of the country teams, with COSOP preparation, implementation and monitoring a secondary concern.

COSOPs should be, and often are, linked to the national development strategies of the countries in which IFAD works. However, these national strategies are usually pitched at a high level of aggregation and do not necessarily provide the longer-term perspective needed for defining appropriate scaling-up pathways. Hence, IFAD needs to work with national and external counterparts to develop (sub)sectoral strategies and programmatic approaches to which its programs can be linked. These (sub)sectoral strategies should provide a platform for the government and other local stakeholders, for external partners and for IFAD to identify the specific scaling-up pathways that promise the desired long-term outcomes and results. Indeed, IFAD can play a major role in assisting government and other partners in developing a clear scaling-up approach in rural development.

In order to allow IFAD country teams to play this role of leading the (sub)sector dialogue on scaling-up pathways in the key areas of its engagement in a country, IFAD needs to develop a strong knowledge base and technical capacity at a corporate level in each of its principal lines of business regarding the global experience with innovations and their scaling-up pathways. IFAD also needs to be able to bring this knowledge and capacity into the preparation, implementation and monitoring of (sub)sector strategies and of its programs in support of these strategies. These tasks likely require an enhanced capacity and refocusing of IFAD's Policy and Technical Advisory Division (PTA).

The choice among types of IFAD programs

Four of the most common programmatic approaches with which IFAD can support scaling up are the following:

1. **Scaling up by "unbundling" components of projects:** This approach is attractive since it focuses clearly on the need to evaluate, preferably in a rigorous manner (including with controlled experiments), the various components of a comprehensive project and identify those that have the best prospect for successful scaling up. This approach is likely appropriate in middle-income countries with relatively strong institutions that can take on the scaling-up task (as in the case of the Philippines).
2. **Scaling up by replicating and adapting area development projects focused on well-identified, narrow poverty groups:** This approach again allows careful testing and evaluation of program design (by comparing the development of communities included in the program with those not included). It is likely to be most appropriate in countries with rural poverty limited to specific areas (i.e., middle-income countries, such as Albania and Peru) and in low-income countries with adequate institutions (Ethiopia) and/or with geographically well-identified pockets of minority rural poor (Northeast India). It is less well suited for countries with widespread rural poverty.
3. **Scaling up comprehensive rural poverty programs at a national level:** Such an approach is most likely to be appropriate in low-income countries with widespread rural poverty. However, such programs are difficult to evaluate rigorously in terms of the impact and are demanding in terms of institutional capacity.
4. **Scaling up by replication of (sub)sectoral interventions at a national level:** This approach can be helpful in all country settings in introducing key agricultural and rural development technologies and institutional innovations. Impact and scalability of such interventions can be relatively easily assessed, and the requirements for institutional capacity building tend to be more limited.[28]

In selecting these or other approaches to scaling up, it is critical that IFAD make an assessment and conscious choice, in concert with its country counterparts, regarding the most promising approach to scaling up in a given country context and business line. The choice of business lines itself must be informed by the nature of the country context and the challenges and opportunities for scaling up, since in some country contexts certain business lines may not be appropriate if they do not lend themselves to scaling up given the specific country constraints (e.g., institutional weaknesses).

The choice among types of IFAD engagement in the scaling-up process

As IFAD considers scaling-up pathways, it also confronts a choice of how it will support the scaling-up pathway beyond the individual project that it supports at a given time:

1. **IFAD hands off to the government at the end of the project:** For this approach to succeed IFAD needs to ascertain that the government is well prepared and ready to take over the scaling-up process in terms of institutional, financial, policy and political space. This option will require intensive focus during project implementation on the "exit" or hand-off process and very close engagement with the relevant government agencies throughout the project life. It also likely requires strong institutional capacity on the side of the government and a clear alignment in terms of the relevant government agency's program, capacity and culture. It also usually requires a long-term horizon (generally stretching over more than a decade or two). This option is more likely to be the case in middle-income countries and for specific project components (as in the case of the Philippines).

2. **IFAD hands off to other donors along with the government at the end of the project:** This approach requires close engagement with donor partners (as well as the government) throughout the project and a systematic hand-off. When the donor partner has the necessary financial and technical capacity to support the scaling-up process, this option is a viable solution in low-income countries and in cases where countries have low institutional capacity. One of the problems IFAD faces in both this and the previous type of (dis)engagement is that it will not be readily able to monitor, let alone influence, the scaling-up process subsequent to its exit. Hence, it will have difficulty measuring its impact in terms of scaling up. This issue could be addressed if IFAD establishes a practice of revisiting projects that it has handed off some years after having done so as part of its knowledge management efforts in support of scaling up.

3. **IFAD continues its engagement through multiple project cycles with or without other donor partners:** This option has been the approach that IFAD has typically followed so far in supporting successful scaling up. This approach has the benefit of letting IFAD engage on a continued basis with its national counterparts, provides opportunities for systematic support for the creation of the needed drivers and spaces, and gives IFAD along with its partners the chance to learn from the experience and adapt the scaling-up pathway as needed. One of the key conclusions of this study is that for IFAD to leverage its scaling-up impact it would be well advised to systematically look towards engaging with other donor partners, in particular with the large donors that have complementary financial and technical capacity as well as access to high-level policymakers. In any case, the continued engagement of IFAD through multiple project cycles is likely to remain the prevalent approach, especially in low-income countries and fragile states. However, in these cases, it is important that IFAD find ways of leveraging its limited own resources with those of other partners so as to reach the desired scale.

Which of these approaches is preferable cannot necessarily be predicted at the outset of a scaling-up pathway, although country context, business line and known predispositions of potential donor partners can provide early guidance on which types of scaling-up approaches are most likely to offer positive prospects. In any case, the alternatives should be firmly kept in mind and explored proactively during project implementation, with an assessment of options at the midterm review of a project (or during a midterm review of the COSOP). Continued monitoring and assessment of IFAD's evolving experience with scaling up, and especially the analysis of its scaling-up experience in specific business lines (which this paper recommends), will provide critically important insights for this important choice of operation scaling-up strategy in the future.

The choice of institutional arrangements to support the scaling-up process

Section 3 addressed the question of what institutional arrangements need to be designed and implemented to support the scaling-up pathway. From an operational perspective of IFAD's program management, a key issue is the choice of project/program implementation agency—mainstreamed in the government ministry, a distinct PIU embedded in a ministry, a freestanding PIU or a parastatal agency. The presumption in the recent development literature has been that donors need to move from their prevalent reliance on PIUs of various kinds to support institutional strengthening of mainstream institutions (a position clearly reflected in the Paris and Accra Declarations and targets). This long-term goal is indeed also appropriate from a scaling-up perspective, since PIUs are generally not effective institutional vehicles for scaling up. However, when one approaches the issue with the notion of a scaling-up pathway, rather than focusing only on a one-off project, it is possible to take a more differentiated approach to this issue. Along a scaling-up pathway, one can aim to resolve the apparent tension between assuring effective project delivery and building long-term implementation and scaling-up capacity. One can do so by accepting that in low-capacity contexts a PIU is essential to get the innovations tested and the scaling-up process started, while also putting in place institutional capacity-building measures designed to create the institutional capacity able to carry forward the scaling-up process and the scaled-up program after IFAD exits. In most cases for which the government will play a lasting role, the goal will be an implementing structure that is mainstreamed in existing ministerial and lower-level government agencies.

However, three specific challenges will have to be addressed in this approach: First, one needs to recognize that PIUs, once set up, may develop a life of their own, representing a strong interest and lobby for their continued existence after they have outlived their usefulness. This risk must be recognized and explicitly managed from the start. Second, in some program contexts, such as for value chains, the appropriate long-term goal is for the government to hand off responsibility to nongovernmental entities (producer organizations, commercial banks, lead firms, etc.), rather than for mainstreaming into government agencies. Again, the risk that the public institutions created initially will want to preserve themselves indefinitely has to be recognized and managed. Third, for multisector or area-based projects, multiple institutions are usually involved, making creation of the necessary capacity complicated and costly unless individual components potentially to be scaled up are identified early in project design and implementation process.

An internal institutional issue for IFAD is the question about outplacement of its CPMs. In recent years, the presumption increasingly has become that outplacement is necessary for effective IFAD operations. We share this presumption also from the perspective of scaling up, even though the case studies indicate that outplacement of CPMs is neither a necessary nor a sufficient condition for effective scaling up support by IFAD. What is necessary is that IFAD has in place CPMs who are committed to a scaling-up approach, and who have the incentives, instruments and capacity to pursue it (see below). However, we believe that many aspects of scaling up, including institutional building and policy dialogue, developing productive partnerships on the ground, and instituting effective M&E and learning approaches, benefit from outplacement of CPMs.

The choice of operational funding instruments for supporting programmatic scaling up

IFAD's predominant operational funding instrument is the traditional freestanding project. One might argue that IFAD should abandon this approach altogether in favor of some programmatic funding approach (say, along the lines of the U.S. Millennium Challenge Account). This expectation is not realistic, and we did not pursue this option. However, IFAD has used or could use suitable project-based instruments that are more supportive of the scaling-up agenda.

One instrument that is now used frequently is the "topping up" of ongoing projects with additional funding. This approach is much appreciated by IFAD's operational managers and by IFAD's clients since it minimizes the bureaucratic requirement of project preparation and approval. It is often billed as an instrument for scaling up, but one has to be careful to not presume that topping up necessarily supports effective scaling-up pathways. For topping up to result in effective scaling up, the activities funded by the top up would have to be designed specifically to support a well-identified and sensible scaling-up pathway.

A second and long-used instrument is the "repeater project," either formally labeled as such or—more frequently—not. In the past, one reason for the reluctance of CPMs to label a project a "repeater" had been the requirement that before such a project can go ahead a formal *ex post* evaluation of the original project had to be carried out by the IOE. When applied, this rule led to long delays in the preparation and start-up of the repeater project, and this represented a serious obstacle to an effective support for a scaling-up pathway. The *ex post* evaluation requirement for repeater projects was abandoned some time ago, but, looking ahead, it is appropriate that repeater projects (whether formally labeled as such or not) demonstrate that suitable monitoring and evaluation has been carried out and yielded evidence that the program is scalable and that a credible scaling-up design is in place. One option would be to require that project midterm evaluations address the question of scalability explicitly and define appropriate steps that would make it possible for IFAD to support a repeater operation without a break in program continuity.

Finally, IFAD has in the past had a loan instrument called the "flexible lending mechanism" (FLM). This instrument was similar to the World Bank's APL, which the Bank uses successfully to support the scaling up of Ethiopia's pastoral development program, in partnership with IFAD.[29] FLMs and APLs support long-term programs that are broadly defined upfront. These tools allow staged disbursement of loan tranches over the long term as long as key performance targets are met along the way. Unfortunately, the use of the FLM instrument was discontinued in IFAD after objections were raised by some of its Executive Directors, who apparently felt that FLMs reduced the Executive Board's control over IFAD's lending decisions. Management may wish to revisit this issue with the Board in light of the new focus on scaling up and the experience of other donor agencies, especially the World Bank.[30]

Engagement in policy analysis and dialogue

It is generally accepted that donor engagement in policy analysis and dialogue are important components of development assistance in general, and they are certainly an important component of assistance for scaling up successful development initiatives. The term "policy" in this context covers a broad range of rules of the game that governments need to establish to create the appropriate enabling environment for scaling up, including the various drivers and spaces for scaling up. Policy changes are often required to achieve horizontal scaling up, i.e., the spread of an initiative across more people and greater areas, including farm price regulation, land tenure and taxation, irrigation policies, financial sector regulation, etc. Policy reform (and accompanying institutional reform) usually represents a critical component of a scaling-up strategy.

IFAD has long recognized the importance of an appropriate policy regime for agriculture, rural development and food security. It has issued many policy papers on specific aspects of sectoral policies and most COSOPs contain an ambitious policy dialogue agenda on which IFAD promises to engage with its client. In some of our case study countries, especially in Ghana and Peru, IFAD's CPMs, country teams and PIUs have successfully pushed for and achieved policy changes, at least as they applied to the business line supported by IFAD. However, many of our country case studies and many evaluations by the IOE show that policy analysis and dialogue at the country level are often weak or non-existent.[31] The clearest example of a lack of effective policy engagement that prevented the sustainability of a scaled-up intervention was IFAD's experience with lending for agro-credit in Moldova. The key policy question here was how to get commercial banks to lend on their own account and without IFAD funding to rural enterprises, a question for which IFAD did not carry out any analysis and did not engage in policy dialogue.

The gap between policy dialogue aspirations in the COSOPs and implementation in country programs can be explained by two factors: (i) the narrow focus on the project results and (ii) the lack of staff capacity and budget resources in IFAD's operational divisions to pursue policy issues. IFAD has recognized the need to intensify its engagement in effective policy dialogue, but time and resources are required in order to build up the capacity for the necessary analysis and engagement with the client.[32] One way to start the process is to build more technical capacity in IFAD's technical department, the PTA, for direct deployment in support of specific policy engagements in individual countries. The previously mentioned suggestion to review the scaling-up experience and options in different business lines will also contribute valuable insights on the role of policy and policy dialogue in supporting pathway. An alternative to taking on the responsibility directly for the important policy dialogue function (and incur the potentially high costs of doing so) is for IFAD to partner with other donor agencies, especially the multilateral development banks, which have a much greater capacity and experience in this regard. Most likely some combination of both approaches—building greater in-house capacity and reaching out to partners—will best be pursued.

Finally, IFAD needs to decide how broadly to cast its net in addressing policy issues. In view of IFAD's limited capacity and leverage, it should focus strictly on policy actions that are needed to permit progress along the scaling-up pathway in the business lines of IFAD's engagement. In its country work IFAD should not endeavor to address general policy issues in agriculture, rural development and food security that are unrelated to its business lines in which it is engaged or plans to be engaged in the particular country.

Creating effective operational partnerships for scaling up

As we noted above, IFAD's experience with partnerships varies widely across countries and programs. This is not surprising, since an appropriate partnership approach will differ according to the country and business line, the active local and international partners, and even the qualities of individual partner personnel on the ground. For IFAD, a key metric of effective partnership building has been the extent of cofinancing with local and external partners. This measure is useful when the principal focus is on a particular project and cofinancing can help increase its size, scope and impact. Cofinancing with local partners can also be an indication of the willingness of partners to take on responsibility for the intervention once IFAD exists. However, the presence of a cofinancier is no guarantee IFAD and its partners are pursuing a long-term scaling-up strategy rather than the more typical one-off project approach. So IFAD needs to give clear directives and incentives to its managers and staff to focus on partnerships, whether with cofinancing or not, as a means for supporting a scaling-up process in all its COSOPs and projects.

Aligning incentives for scaling up

IFAD will find it easiest to support scaling up where the government drives the process due to its own internal goals and priorities, as in the case of Ethiopia and, to a lesser extent, Ghana and Peru. In cases where the country partners are not as much focused on the scaling-up agenda as would be appropriate, IFAD may wish to complement policy dialogue aimed at scaling up with the use of incentive mechanisms for the same purpose, in particular making funding available for scaling up, possibly on a competitive basis. One way to do that would be to link the IFAD's general funding allocation rules to the effectiveness of the country's scaling-up agenda. A narrower approach would be to establish a scaling-up fund, perhaps with multi-donor engagement, which would match the country's own investment in scaling-up initiatives.

But incentives are also important internally in IFAD to motivate managers and staff to pursue scaling up and remove existing disincentives. The first step in such a process is already well underway: the commitment by the IFAD membership and management during the Ninth Replenishment process and in management's Medium-Term Plan that scaling up is a key priority for IFAD. Beyond this commitment, it will be important to ensure that divisional management, CPMs and country teams are given full support, training and process guidance for incorporating the scaling-up agenda into operational design, implementation and M&E for COSOPs as well as specific projects. Management's attention to ensure that COSOPs become real planning and monitoring tools for scaling up, rather than *pro forma* documents, will be a critical element of this internal change process. CPMs should be rewarded for demonstrated creative and energetic pursuit of scaling up country strategies and operations. PTA technical staff need to be given directions and guidance for exploring the lessons from the scaling-up experience in their respective lines of business and for sharing these lessons with the CPMs in a hands-on manner. Grants should be deployed specifically to support CPMs in developing and implementing the scaling-up process at country level. Moreover, current operational practices that act as disincentives need to be removed, such as the hitherto prevailing near-exclusive focus by management, the Board and evaluations on project-specific results (rather than programmatic impacts) and on minimizing risks. One specific way in which to create appropriate incentives is to assure that IFAD's quality enhancement and assurance processes explicitly consider whether and how IFAD projects serve as a stepping stone or building block on a well-defined scaling-up pathway. Finally, the IOE must be held accountable by the Board for systematically assessing the scaling-up performance of IFAD as an integral part of its evaluation work, something that the IOE has started to do already.

Managing for scaling up with sustainability

If an intervention is not sustainable, there is little point in scaling it up. If it is sustainable, then sustainability needs to be maintained as scale increases.[33] However, the same factors that need to be considered in scaling up also help in assessing what needs to be done to maintain sustainability. There have to be drivers (leadership, incentives, accountability, etc.) for an initiative to be sustained, and there have to be spaces for sustained implementation, including institutional, policy and fiscal space. Judging from our country case studies, for IFAD perhaps the biggest challenge to the sustainability of the programs it supports is the lack of institutional and fiscal space, i.e., the lack of institutional capacity and assured public resources to carry on a scaled-up initiative without continued IFAD or other donor engagement. This is particularly severe a constraint in low-income countries and fragile states with very limited institutional and fiscal resources, less so in middle-income countries. In these country settings, IFAD will likely have to stay engaged for the long haul if it aims to support sustainable scaling up.

Managing risks in scaling up

Development programs are risky undertakings. If they were not, private investors would be happy to take them on. The weaker the governance capacity in a country, the riskier these programs are. The question then is whether scaling up increases the riskiness of development initiatives. At one level, it can be argued that larger, scaled-up programs are more risky than small ones. And this is of course true to the extent that risk exposure increases as a function of project size. Certainly, an implementing agency or a donor agency may feel more exposed to public scrutiny if it undertakes or supports large-scale initiatives. However, one needs to be careful in accepting this presumption of increasing risk with scaling up and consider the proper counterfactual. The counterfactual of a scaled-up program is usually not one small program, but the aggregation of a bunch of small, one-off and disconnected programs. While the aggregate risk of a diversified portfolio of small projects may be lower because of a low correlation of risks across the projects, working to scale can also significantly reduce risks because of economies of scale, economies of continuity in engagement with familiar issues, clients and partners, and economies of systematic learning. We know of no empirical work that has quantified the risks under each of these two alternative scenarios, but we believe the risks from scaling up are on balance lower than the risks for an aggregate set of small, disconnected projects of equal size in terms of total investment.

The one area where there may be a real trade-off between scale and risk is in regard to the choice of institutional arrangements for scaling up as noted above: If one moves from a pre-eminent focus on generating success of the project in terms of its specific impacts to defining the project as a stepping stone along the scaling-up pathway and hence focuses on creating the conditions for long-term scaling up, one may choose institutional arrangements that are less effective in generating short-term success and more effective in supporting a scaling-up pathway in the long term. This move may increase the risk that short-term project results will be less satisfactory compared to the case where one focuses exclusively on the project. There are two possible ways to deal with this increased risk: One option is to simply accept it as a necessary condition for getting better long-term development returns in line with the well-established risk-return trade-off which investors usually face. The other option is to try and manage the risk by designing a systematic transition from an institutional framework that is best in the short term to one that will be suitable to support the scaling-up process and scaled-up interventions on a sustainable basis once they have reached full scale.

Keeping processes simple and controlling costs

In designing and implementing an operational scaling-up approach, IFAD needs to ensure that its bureaucratic processes remain as simple as possible. The process requirements in IFAD operational work are already very burdensome on the CPMs and country teams; simply adding another layer of complex rules and documentation to these requirements could well be counterproductive. Therefore keeping additional requirements in operational rules and documentation to a minimum, while more generally clearing the underbrush of process steps and documentation that has accumulated over the years, should be a top concern for IFAD management.

Similarly, IFAD management must be—and is—concerned about controlling the administrative costs of its work. Many aspects of the scaling-up agenda could mean increasing costs, whether for enhanced institutional analysis and policy dialogue, for more intensive engagement with partners or for increased technical staff capacity in PTA. However, if repeater projects become more common or the FLM instrument is revived, it is quite possible that unit administrative costs could drop due to the economies of continuity of engagement (certainly that has been one of the main perceived benefits of topping up operations). Again, a more general focus on efficiency in the way IFAD does its business may counteract any unavoidable cost increases from introducing and pursuing a scaling-up agenda for IFAD.[34]

8. CLOSING OBSERVATIONS

Over the last three years, IFAD has come a long way in incorporating the scaling-up agenda into its institutional DNA, as reflected in the fact that most operational documents now include references to the opportunity of scaling up. In addition, as noted in the introduction, various practical steps have been taken to begin to operationalize the scaling-up agenda. So far, a multipronged approach to change management was adopted by IFAD, embracing (i) in-house processes aimed at staff and managers to ensure that a scaling-up agenda would serve as a guide to the IFAD operating model; (ii) interactions with partner government and country stakeholders on occasion of country program and project development, management and monitoring; and (iii) advocacy on the international policy arena aimed at fostering a common understanding of scaling-up concepts and issues among like-minded partners.

With the completion of the Phase 2 Institutional Scaling Up Review, and with over two years of operational experimentation, IFAD now has reached a stage where management may wish to take stock of its cumulative initiatives and experiences and develop a systematic program of institutional change. The purpose of this program would be to assure that the key operational actors are well informed, guided, trained and supported on what scaling up means, why it is important, and what the tools with which to pursue the agenda are. An action program might include the following five components:

- Management should consider a systematic updating of the main operational processes and procedures relating to COSOP and project preparation, quality assurance, implementation, M&E and results management to assure that they effectively reflect the scaling-up agenda. A more systematic use of midterm reviews for COSOPs and projects, principally from a scaling-up perspective, should be considered as a key step.
- IFAD should, as part of its current PTA efforts to modernize its quality enhancement procedures and its product lines in support of regional divisional work, take stock of the scaling-up experience in each major business line, including each line's typical pathways, drivers and spaces and how to structure effective M&E and results management. IFAD may wish to build on the approach with the value chain study under Phase 2 in assessing other business lines. In addition, IFAD should assess the operational implications of that study for the further development of IFAD's activities in support of value chain development.
- IFAD's training unit(s) should introduce scaling-up modules in standard operational training programs and in the development of information and training materials, drawing upon other sources for background documentation prepared for the Phase 2 Institutional Scaling Up Review, since it contains a lot of relevant case material. Training should be offered to IFAD staff, members of the country teams and consultants engaged in the preparation of most of IFAD's projects. Special attention should be given to the experience with institution building and tools for institutional analysis. Beyond training, broader outreach activities should be explored to help disseminate the scaling-up idea in the rural development community at country level.
- IFAD should explore suitable incentive mechanisms for scaling up. IFAD's grant program could be particularly helpful in providing incentives for operational scaling-up initiatives. However, the grants should be used for well-defined priority purposes and the results monitored to assure appropriate corporate learning. Managers and staff who have been particularly focused and effective in developing and sustaining scaling-up initiatives should be recognized and rewarded as appropriate by management and the Executive Board.
- IFAD should build on its lead position among donor agencies in regard to the scaling-up agenda and promote its wider understanding and acceptance. Such an initiative will help IFAD build partnerships

and networks at the corporate and country levels among institutions interested in promoting scaling up in the agriculture and rural development area. In addition, at the country level, IFAD needs to engage proactively with key stakeholders in developing scaling-up strategic approaches at the (sub) sector level and a process of shared learning during implementation.

IFAD has a great opportunity to make a major institutional contribution to addressing one of the most pressing global challenges: eradicating rural poverty while increasing global food security. It has identified the right strategic entry point—the scaling-up agenda. Now it is time to act on it in a considered, systematic and focused way.

ENDNOTES

1. OECD-DAC CPA Table. http://stats.oecd.org/Index.aspx?DataSetCode=CPA; and OECD Creditor Reporting System, 310.III.1: Agriculture, Forestry, Fishing.
2. See Hartmann and Linn (2008), Linn (2011). The exceptions were the vertical funds established in the 2000s, e.g., the Global Fund for AIDS, Tuberculosis and Malaria. These funds generally have a very a specific and systematic focus on reaching impact at scale.
3. The Brookings study also drew on a corporate evaluation of innovation and scaling up at IFAD, carried out in parallel by IFAD's Independent Office of Evaluation (IFAD Independent Office of Evaluation, 2010).
4. COSOP refers to the country strategy document that IFAD staff members prepare every three to five years for most of the countries where IFAD is active.
5. Two of the studies (Moldova and Peru) involved updates from the case studies carried out under Phase 1.
6. Not all initiatives IFAD supports need to go to a large scale, but in each case a conscious decision needs to be made whether or not scaling up is appropriate.
7. Arntraud Hartmann carried out the case studies for Albania, Ethiopia, Ghana and Moldova; Richard Kohl, those for Cambodia, Philippines and Vietnam; and Barbara Massler, the case study for Peru.
8. Carried out by Richard Kohl.
9. We subsume all types of project specific implementation units, whether called project implementation units, project coordination units or project management units.
10. A similar scaling-up success story is the case of IFAD's support for scaling up community-based, tribal area development programs in India's northeastern states of Jharkhand and Chattisgarh with the engagement of the Ministry of Social Justice and Empowerment.
11. In this case, Ethiopia's institutional space was created successfully for the pastoral development program.
12. Other factors impede this transition, including the risk averseness of subsistence farmers.
13. IFAD has also partnered with small, especially bilateral, donors, but these partners tend to be more helpful with testing out innovations and less helpful with scaling up.
14. Such an analysis and strategy would (i) identify the need for different institutional support mechanisms, including institutions that support the scaling-up process, institutions that would operate the program at the desired scale, and the need for changes in the enabling governance environment and (ii) consider whether there is an alignment between the institutional needs of the scaling-up process and the institutional culture and capacity of the scaling or implementing institution in the country and/or how this alignment can be brought about through the choice of an appropriate institution or an explicit effort to help create the capacity and culture over time.
15. Carried out by Homi Kharas and Steven Schonberger.
16. The IFAD Partnership would not characterize this last option as involving a partnership consistent with the definition set out at the beginning of this section.
17. This could involve so-called Sector-Wide Approaches (SWAps), with or without joint-basket funding.
18. Of course, such programmatic partnerships also face the risk that when one major partner drops out the entire program collapses.
19. Another striking case of lack of partnership involving IFAD and the UNDP is documented in Linn (2011) for Tajikistan, where IFAD initiated a rural development community program a few years ago in a region where UNDP had for some time implemented a component of a national program involving very similar program design features.

20. IFAD has already started various initiatives in this area, including engagement in various global forums and exploring the possibility of setting up a network of agencies interested in scaling up.
21. Carried out by Johannes Linn and Cheikh Sourang.
22. The ARRI highlights a number of factors relevant to the scaling-up agenda: (i) Analytical work and especially institutional analysis are generally weak; (ii) policy dialogue has improved, but remains in its infancy; (iii) partnership with government and communities is good, but weak with the private sector and with multilateral development banks; (iv) more attention and standard treatment needs to be given to counterpart (i.e., co-financing) by government; and (v) knowledge management is under-planned and under-resourced.
23. For example, IFAD prepared in 2010 a comprehensive Action Plan for Strengthening Self-Evaluation, which included proposals for improvements in M&E. This was submitted to the Evaluation Committee in November 2010 and to the Executive Board in September 2011 for implementation during 2012.
24. Carried out by Arntraud Hartmann and Michael Hamp.
25. For example, the first phase Uganda Oil and Vegetable Project was approved in 1997 and closed in 2012. A second phase program was approved in 2011 as the program requires at least another six years to achieve the targets articulated under the first phase programme. The Rwanda Smallholder Cash and Export Crop first-phase project was approved in 2002 and closed in 2012. A follow-up program, Projects for Rural Incomes through Exports, was approved in 2011. The São Tomé and Príncipe Artisanal Fisheries Project Value chain program has been supported under a series of IFAD programmes since 1984. The Nigeria Value Chain Programme, which was recently approved, argues that the pathway for the cassava and rice value chain will require 10 to 15 years. And the cassava value chain included under this project has already been supported by the Nigeria RTEP program, which was approved in 1999 and closed in 2010. Based on the set of IFAD projects reviewed, pathways to scaling up IFAD supported value chains, might require a 15- to 20-year time horizon.
26. These are what Hartmann and Linn (2008) refer to as “type 2” errors, i.e., cases where scaling up takes place, but the wrong model is scaled up or the scaling-up process is faulty.
27. For countries where no COSOP needs to be prepared, the project documentation needs to reflect the long-term scaling-up perspective, lay out the scaling-up pathway and demonstrate in what way the project will serve as a stepping-stone along the scaling-up pathway.
28. Scaling up a particular value chain represents a specific example of such an approach, but as we have noted in section 6 above, it requires relatively complex institutional and policy capacity for effective implementation.
29. A recent review by the World Bank of its support for agricultural research and extension programs concluded that the APL was successful instrument for supporting the scaling up of such programs (Jonasova and Cooke 2012).
30. Previous reviews include a status report on the FLM in 2002 (IFAD 2002) and a self-evaluation of FLM experience in 2007 (IFAD 2007).
31. These evaluations were recently summarized by IEG in a stocktaking note on policy dialogue (IFAD Independent Office of Evaluation 2012).
32. See, for example, the report on the Ninth Replenishment of IFAD Resources (IFAD 2011).
33. This is why our definition of scaling up includes a reference to “sustainable” (see Section 1 above).
34. A corporate evaluation of IFAD’s efficiency is currently being carried out by the IEO and should shed some light on the potential for efficiency savings.

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