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SCALING UP THE FIGHT AGAINST RURAL POVERTY

AN INSTITUTIONAL REVIEW OF IFAD'S APPROACH

Johannes F. Linn
Arntraud Hartmann
Homi Kharas
Richard Kohl
Barbara Massler

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Johannes F. Linn is a nonresident senior fellow with Global Economy and Development at Brookings and senior resident scholar at the Emerging Markets Forum.

Arntraud Hartmann is an adjunct professor as SAIS/Bologna Center, Johns Hopkins University.

Homi Kharas is deputy director and senior fellow with Global Economy and Development at Brookings.

Richard Kohl is a principal at Learning and Leading for Large Scale Change LLC.

Barbara Massler is affiliated with AGEG Consultants eG.

"Small is beautiful, but big is necessary."
Motto attributed to BRAC

"Innovation without scaling up is of little value."
IFAD Strategic Framework 2007-2010

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FOREWORD

The International Fund for Agriculture and Development (IFAD) has long recognized that it needs to be a catalyst if it is to successfully achieve its mandate of significantly contributing to rural poverty reduction in developing countries. Over the last decade, we at IFAD have stressed innovation, knowledge, and scaling up as key elements of our approach. For many years we saw our role principally as an innovator in searching for and testing new solutions for the rural poor, but we always knew that innovation without generating knowledge of what works and building on this knowledge by scaling up successful interventions are critical. Therefore, we were pleased to find that the Wolfensohn Center for Development at Brookings was ready to prepare an institutional scaling up review for IFAD to help us gain a better understanding of how we function as a scaling-up institution.

Rather than conducting a formal evaluation using a well-established methodology, this review was intended to serve as a learning experience for us as well as for the Wolfensohn Center. To our knowledge, it was the first institutional scaling up review ever carried out and hence served as a pilot for such an undertaking. We gave the team total freedom to review all relevant documentation, talk to managers and staff, review our programs on the ground and meet with local stakeholders in selected countries. We expected to receive an informative, independent and fair assessment and actionable recommendations. We also expected that the exercise would serve as an example for other aid organizations that want to review their own approaches to scaling up their successful programs.

This report is the result of the work completed by the Wolfensohn Center team after one year of in-depth work. We at IFAD feel that our expectations have been fully met and that the results were well worth our effort and the financial support we were able to offer the Wolfensohn Center. We have reviewed, discussed and commented on the report in detail. Not everyone at IFAD agrees with everything the report says about our activities nor do we necessarily agree with all the recommendations. But that was not the purpose of the exercise. We feel the review gives us an excellent starting point for our internal efforts to further strengthen IFAD's effectiveness as a catalyst in pursuit of helping to eradicate rural poverty around the globe. We also believe it represents an great example of review and analysis that aid organizations should carry out in order to turn themselves into effective scaling-up institutions. We look forward to sharing out experience with others.

I want to thank the team from the Wolfensohn Center for their contribution. I also want to thank my colleagues at IFAD for their understanding of the importance of the scaling up agenda, for their support of this review, and for contributing their time, insights and comments throughout the preparation of the report. Special thanks are due to Cheikh Sourang for shepherding the study effectively from start to finish.

Kevin Cleaver, Associate Vice President, IFAD
Rome, Italy
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LIST OF ACRONYMS

AfDB	African Development Bank
ARRI	Annual Report on Results and Impact
CAADP	Comprehensive Africa Agriculture Development Programme
CAF	Andean Development Corporation
CPE	Country Programme Evaluation
CPM	Country Programme Manager
CPMT	Country Programme Management Team
COSOP	Country Strategy Opportunities Program
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EIS	Report on "Corporate level evaluation of IFAD's capacity to promote innovations and its scaling up"
ENRM	Environment and Natural Resource Management
FAO	Food and Agriculture Organization
FLM	Flexible Lending Mechanism
HQ	Head Quarters
IFAD	International Fund for Agricultural Development
IFI	International Financial Institution
IMI	Innovation Mainstreaming Initiative
KM	Knowledge Management
KfW	Kreditanstalt fuer Wiederaufbau (Germany)
KSF	Key Success Factor
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
NGO	Non-governmental Organization
IOE	IFAD'S Office of Evaluation
OSC	Operational Strategy Committee
PBAS	Performance-Based Allocation System
PTA	Technical Advisory Division
PIU	Project Implementation Unit
RIMS	Results and Impact Management System
QA	Quality Assurance Review
QE	Quality Enhancement Review
SME	Small and Medium Enterprise
SWAp	Sector Wide Approach

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ABSTRACT

The International Fund for Agricultural Development (IFAD) has for many years stressed innovation, knowledge and scaling up as essential ingredients of its strategy to combat rural poverty in developing countries. This institutional review of IFAD's approach to scaling up is the first of its kind: A team of development experts were funded by a small grant from IFAD to assess IFAD's track record in scaling up successful interventions, its operational policies and processes, instruments, resources and incentives, and to provide recommendations to management for how to turn IFAD into a scaling-up institution. Beyond IFAD, this institutional scaling up review is a pilot exercise that can serve as an example for other development institutions.

INTRODUCTION: SETTING THE STAGE

IFAD recognizes the need for scaling up successful development interventions. For example, IFAD's *Strategic Framework for 2007-2010* states that "innovation without scaling up is of little value" (IFAD 2007a, p. 6), and IFAD's *Innovation Strategy* declares that "effective scaling up is a key measure of successful innovation" (IFAD 2007b, p. 8). These statements set the stage for the scaling up review of IFAD, which is presented in this report. They place scaling up at the core of IFAD's operational strategy. This review aims to assess whether and how these strategic statements have been translated into operational practice and what steps IFAD can take to fully deliver on its scaling up mission. IFAD is exceptional among development assistance agencies for having "scaling up of successful interventions" a key institutional goal. IFAD can serve as an example for other development partners.

This chapter addresses four questions by way of introduction: Why scale up? Why scaling up for IFAD? Why a scaling up review of IFAD? How was this scaling up review carried out?

Why scaling up?

The international community has set ambitious Millennium Development Goals (MDGs) for sustainable global poverty reduction by 2015. But by mid-2010, it was clear that achieving these targets will be difficult for most developing countries; many will not be able to do so, especially in Africa (IDA 2010a). In the Paris Declaration on Aid Effectiveness, international development partners (donors) and partner countries (recipients) agreed on ways to ensure that development assistance is put to good use in helping to achieve the MDGs. Interim reviews by OECD-DAC have shown progress, but here again much remains to be done. Over the first decade of the 2000s, development assistance has increased substantially and the number of development partners has expanded dramatically, but the ambitious goals for increased aid set at the Gleneagles G8 Summit are far from being met.[1]

In this context of worthy and ambitious development goals, which have not yet been met by the international community, we explore the rationale for scaling up successful development interventions, as stated by Hartmann and Linn (2008, p. 2) in their review of scaling up development:

> "[T]he challenge is not just a matter of more, better coordinated and less volatile aid. A key constraint that needs to be overcome is that development interventions—projects, programs, policies—are all too often like small pebbles thrown into a big pond: they are limited in scale, short-lived, and therefore without lasting impact. This may explain why so many studies have found that external aid has had only a weak or no development impact in the aggregate at the global and at the country level, even though many individual interventions have been successful in terms of their project- or program-specific goals. In order to reduce poverty substantially, we have to follow the advice of James Wolfensohn and discover 'how to move from our feel-good successes to large scale, how to scale up these initiatives to a depth and breadth where we can really have an impact on poverty, where we can achieve the Millennium Development Goals.' In this context scaling up means expanding, adapting, and sustaining successful projects, programs, or policies over time for greater development impact."

In the private commercial world, the profit motive and market competition drive economic agents to innovate and scale up successful innovations. In the non-commercial world of public goods provision and development assistance bureaucratic rules, policy incentives and non-market mechanisms of competition guide the behavior of governments, not-for-profit organizations and international aid agencies. It has been easier to create incentives for innovation than to get governments, NGOs and international aid agencies to focus systematically on the scaling up agenda. Human nature, political forces and bureaucratic motives conspire to create a heavy focus on innovation, since new ideas, new initiatives and new beginnings are more interesting to individuals, and politically more attractive and bureaucratically easier to justify than evaluation and replication of pilots.

Of course, there are spectacular successes of scaled up innovations in the development field: the River Blindness Program in West Africa, which largely helped to eradicate the wide-spread and deadly disease onchocerciasis; the Grameen Bank and BRAC programs of microcredit for poor people in Bangladesh; and the *Progresa-Oportunidades* program in Mexico and similar conditional cash transfer programs elsewhere in Latin America, which helped tackle endemic poverty. Many other examples can be cited.[2] And a few governments, notably the Chinese authorities, have made scaling up the driving motivation of their development approach. It is clear therefore that scaling up in development is possible. The real challenge is to make sure it happens whenever and wherever appropriate. So far, this is nowhere near the case. On the contrary, the majority of development activities remain isolated, one-time interventions, like unconnected dots on a white page.[3] The great opportunity is to connect the dots and assure that the outlines of an effective development strategy emerge. If each development agent makes scaling up of successful innovations her or his business, there is a chance to reach the ambitious development goals of the international community.

Why scaling up for IFAD?

IFAD was created in 1977 as an institution with a specific purpose as laid out in its establishment agreement (IFAD 1977, p. 4):

> "The objective of the Fund shall be to mobilize additional resources to be made available on concessional terms for agricultural development in developing Member States. In fulfilling this objective the Fund shall provide financing primarily for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies, taking into consideration: the need to increase food production in the poorest food deficit countries; the potential for increasing food production in other developing countries; and the importance of improving the nutritional level of the poorest populations in developing countries and the conditions of their lives."

IFAD is a relatively small player in the area of rural development. The notion that its existence needs to be justified on grounds of adding value through innovation and catalytic impact leading to multiplication and replication on a larger scale is firmly embodied in its lending policies and criteria as first laid out in 1978 and as subsequently amended (IFAD 1998). If successful, IFAD's projects were to be handed off to other, better resourced institutions for the scaling up of those innovations. As envisaged by its founders, IFAD was to play a proactive role in this hand-off process.

Over the decades, since its creation, IFAD has tended to focus more on innovation, and less on the catalytic, scaling up dimension of its institutional mandate. However, even in its early years, IFAD contributed to scaling up at least in some areas. Of special note is its support for what later turned out to be a Nobel Prize-winning initiative, the Grameen Bank. IFAD's two loans in the 1980s were a major source of funding for Grameen Bank, contributing a third each to its total sources of funds in 1984 and 1985, and two-thirds in 1986.[4] This was a significant factor allowing Grameen Bank to take off.

Starting in the early 2000s, IFAD recognized the opportunity that scaling up represents for the institution. Statements that stressed innovation and scaling up increasingly appeared in its strategy documents. In 2004, IFAD actively participated in the Shanghai Conference on scaling up organized by the Chinese authorities and the World Bank at the behest of World Bank President James Wolfensohn. In connection with this event, IFAD made a strong case for scaling up and commissioned a case study on the IFAD's scaling up experience in Peru.[5] As we will document in this report, IFAD's country programs show a number of successful scaling up experiences. However, a recent evaluation by IFAD's Office of Evaluation finds that "[e]ven though the need to scale up innovations has long been recognized by IFAD, it is not adequately built into country programmes" (IFAD Office of Evaluation, 2010, p. 66) and concludes that IFAD needs "to treat scaling up as mission-critical" (ibid., p. 76).

Why a scaling up review of IFAD?

Prior to the recently completed evaluation of innovation and scaling up carried out by IFAD's Office of Evaluation, IFAD had not analyzed its record, its operational policies and processes, and its institutional capacity for scaling up.[6] In this regard IFAD is no exception among official aid agencies. While Hartmann and Linn (2008) concluded that scaling up has, in recent years, become the focus of analysis for selected sectors and thematic areas, they did not find any assessment or evaluation of the institutional scaling up capacity and practices of individual aid agencies. Therefore, one of their recommendations for improved aid delivery was that aid agencies should carry out institutional scaling up "audits" or reviews. IFAD is the first development assistance agency to sponsor such a review. This can serve as input for IFAD's management to decide whether and how to enhance IFAD's orientation and capacity for scaling up. It can also serve as a pilot assessment, which other aid agencies may wish to emulate.

This is an especially important and opportune time for IFAD to focus on the scaling up agenda for a number of reasons:

- in the wake of the global food crisis of 2007-2008, the international community has renewed its attention to food security, agriculture and rural development;
- the G8 Summit at L'Aquila in 2009 committed to raise $20 billion for food security;
- IFAD has established a track record over 30 years as a reliable, steady supporter of community-based rural development, at a time when other donors substantially reduced their engagement;
- as a de facto "vertical fund," IFAD benefits from the popularity that such funds enjoy in today's development assistance, where governments and the general public in donor countries value the thematic focus, results orientation and accountability of vertical funds; and
- IFAD remains relatively small, as the fifth largest provider of ODA for agriculture, forestry and fishing, but with additional resources and building on its evolving institutional focus on scaling up, it can punch much above its weight in terms of impact.

Despite the importance of the scaling up agenda for IFAD, it is critical to remember that scaling up is not an end in itself, but a means to achieve greater and more wide-spread benefits for the rural poor whom IFAD serves.

How was the scaling up review for IFAD carried out?

As noted above, there is no prior experience or blueprint for an institutional scaling up review. Therefore, the approach chosen represents an experiment from which we should draw lessons not only on how to scale up IFAD's activities but also how to carry out institutional scaling up reviews.

In the absence of any model, we designed a pragmatic approach that reflected the interests of IFAD, the resource limitations imposed by the IFAD grant supporting the review, the tight timetable (one year from start to finish) and the interests and capacity of the expert team assembled for the review.

The review is based on the analytical framework for scaling up developed by Hartmann and Linn (2008), which stresses the importance of creating pathways for scaling up, involving vision, drivers and spaces along with monitoring and evaluation. One of the new features introduced into this framework is the recognition that scaling up is part of a continuum of innovation, learning and scaling up processes, which need to interact and be promoted together, but which also need separate consideration, distinct institutional capacities and differentiated process support.

The analysis is based on six strands of empirical work:

- a "macro" assessment of IFAD's comparative standing in terms of aid effectiveness and scope for scaling up based a newly developed indicator of aid agency effectiveness;
- a review of documentary evidence regarding IFAD's strategies, operational guidance documents and evaluation results;
- two in-depth country case studies with field visits and exchanges with local stakeholders (Peru and Moldova);
- a review of documentation for two thematic areas (environment and natural resource management, and value chains);
- interviews with IFAD managers and staff during four visits to IFAD headquarters, including three widely attended learning events for operational staff held in connection with these visits; and
- our engagement with other various IFAD activities.

Our team gathered relevant information on the many areas of IFAD's internal management of scaling up. However, not all the information has equal depth nor does it allow an equal degree of certainty of results and recommendations. We see this review as a first step in IFAD's journey toward becoming a scaling up institution. From the beginning, this review was designed as Phase 1 of a multi-phased process. As part of a next phase, our analysis and recommendations need to be carefully vetted with more evidence collected, a more detailed design of action items and a process of institutional change that assures wide buy-in from IFAD's executive board, management and staff and ultimately from IFAD's clients and partners.

Since our team started this project in July 2009, we have noticed a significant increase in the attention given to scaling up by IFAD's operational management and staff. This is encouraging since it shows that the motivation for the review was not externally or top-down driven, but reflects a genuinely felt need from IFAD's front-line.

This paper first sets out an analytical framework, and then reports on how IFAD has approached scaling up in its operational work. We next review IFAD's operational processes through a scaling up lens, and assess IFAD's instruments, knowledge, resources and incentives for scaling up. Lastly, we present a brief summary findings and recommendations for next steps.

THE ANALYTICAL FRAMEWORK OF SCALING UP

We begin our discussion of the framework of analysis by presenting a working definition of scaling up for IFAD. We then turn to consider the links between innovation, learning and scaling up. We finally explore the potential pathways for scaling up and, following the concepts developed by Hartmann and Linn (2008), the drivers and spaces that allow scaling up to take place.

Definition

When asking IFAD staff what is "scaling up," we found many different definitions: more money and greater organizational scale for IFAD; topping up projects with additional funds; expanding the geographic scope of projects; transferring an innovation elsewhere (including to a different country); and handing projects off to partners. In IFAD's mission statements, strategies and operational guidelines, the last of these definitions is the prevailing one: commonly projects are defined as "scalable" if they can be handed off to partners for potential application at a larger scale.

It is important that IFAD has a clear understanding of what it means to scale up. Consistent with the general definition in Hartmann and Linn (2008) we propose that IFAD adopt the following definition, which reflects IFAD's specific mission:

> *"Scaling up means expanding, replicating, adapting and sustaining successful policies, programs or projects in geographic space and over time to reach a greater number of rural poor."*

This definition is deliberately broad and covers all of the above IFAD definitions and more. Scaling up means not only taking small projects to a larger scale, but any intervention that has multiplier effects at a larger scale, such as policy and institutional reforms. The definition covers scaling up by IFAD itself and proactive efforts by IFAD to help assure that its successful interventions are scaled up by others.

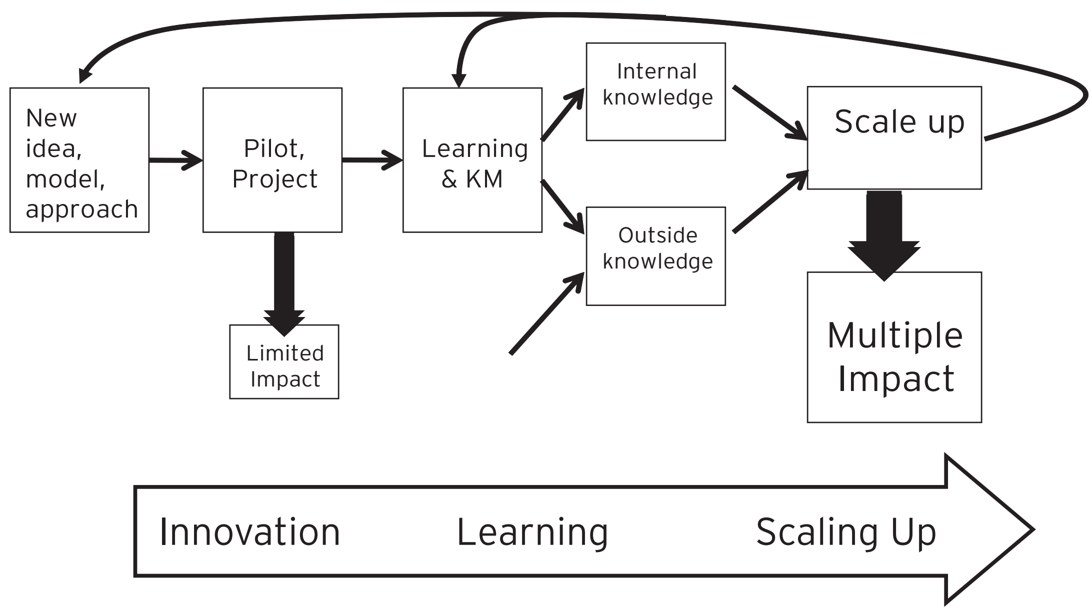
Scaling up as part of the triad: "innovation, learning and scaling up"

"Innovation, learning and scaling up" are one of the six "principles of engagement" for IFAD as presented in the 2007-2010 Strategic Framework (IFAD, 2007). IFAD's strategy and operational guidelines generally present these three concepts for terms of IFAD's approach and the metrics of IFAD's performance. However, the three components are separable parts of a dynamic and interactive process of development as shown in Figure 1.

During the innovation phase a new idea, model or approach is embedded in a pilot intervention or project, which by itself has limited impact. In line with IFAD's own practice, we adopt a broad definition of innovation. It involves implementing or demonstrating new ideas or practices, including:

- technical innovations, such as in seeds, growing techniques, etc.;
- process innovations, such as in mobilizing communities or pedagogical techniques for teaching farmers;
- delivery techniques, as in getting information or access to marginalized communities;
- institutions, as in creating alternatives to missing markets in supply of inputs, marketing, delivery and sale of outputs, access to technology; and
- policies, as in assuring appropriate legal and regulatory frameworks for land ownership and use, for natural resource management, financial intermediation, etc.

Figure 1: Innovation, learning and scaling up linkages



Source: Developed by the authors

During the learning phase, the experience with the design and implementation of the pilot is monitored and evaluated, and a knowledge management process ensures that the lessons learned enter into the IFAD-internal knowledge base and through dissemination contributing to the external knowledge base.

In the scaling up phase, the original idea, model or approach is brought to scale, generated by the pilot phase and on external knowledge, where appropriate.

A number of observations can be made with regard to this innovation-learning-scaling up triad.

1. Innovation, learning and scaling up should be treated as separate, albeit linked processes. Each of the three concepts refers to an important separate stage in the development of an intervention at scale, and each requires its own appropriate process, skills, resources and attention. Innovation and scaling up are often complementary, but there are also times when they compete in terms of resources, managerial attention, political pay-off, etc.

2. Development actors (including IFAD) need to focus not only on innovation, but also on learning and scaling up. Over the last decade, innovation was elevated as the main objective of IFAD's interventions. While other development institutions have generally been less explicit about this, in fact this principal focus on innovation is endemic in the aid industry and the development business, usually to the detriment of an adequate focus on learning and especially on scaling up.

3. The innovation-learning-scaling up process is not linear, but an iterative and interactive cycle. As indicated in Figure 1, there are many feedback loops between learning and scaling up and back to innovation. Indeed, monitoring and evaluation often generates new ideas for better design and implementation and the scaling up process will often require adaptation and innovation in the way the original model or idea is brought to scale. Nonetheless, it is useful to think in terms of the three main components of the process as distinct and separable phases—each of which has its own important role to play.

4. Not every innovation can or should be scaled up. Not every scaling up project needs to involve an innovation. Many innovations may not be suitable for scaling up. It is precisely the experimental nature of the innovation process that needs to be recognized as important in its own right and the risk of pilots not succeeding must be accepted as an integral part of the innovation and learning process. Failed pilots may offer as many lessons as successful ones. But of course, failed or unsustainable pilots should not be scaled up. By the same token, not every scaling up effort needs to involve an innovation generated by IFAD. As we shall see in the examples cited throughout this report, many of the cases where IFAD has successfully scaled up involve ideas or innovations that others had first piloted. This is appropriate: what matters most is to improve the lives of as many rural poor as possible.

5. Scaling up involves two types of possible errors: "type 1 error," or too little scaling up; and "type 2 error," or incorrectly scaling up. Much attention in the scaling up literature and also in this review of IFAD's experience focuses on the prevailing lack of attention to scaling up—what we refer to as a "type 1 error." But there are also cases where scaling up takes place, but is done in a wrong way—a "type 2 error." The latter type of error is found more frequently in the large development banks, such as the World Bank, which can, and often do, scale up their country strategies and programs. Evaluations of their programs have critiqued insufficient piloting, testing and learning as well as inappropriate phasing of approaches that gets in the way of effectively operating at scale.

Designing pathways of innovation, learning and scaling up

In general, there are many possible pathways for scaling up a successful intervention. By "pathway" we understand the sequence of steps that needs to be taken in the innovation-learning-scaling up cycle to assure that a successful pilot is taken from its experimental stage through subsequent stages to the scale ultimately judged to be appropriate for the intervention pursued. For each case, IFAD needs to explore potential pathways early on and take proactive steps to plan and prepare for scaling up—in terms of dimensions, desired ultimate scale, drivers and spaces, IFAD's operational modalities, intermediate results, and monitoring and evaluation.

Selecting the dimensions: Scaling up pathways can follow different "dimensions." They may simply expand services to more clients in a given geographical space. They can also involve "horizontal" replication, from one geographic area to another; "functional" expansion, by adding additional areas of engagement; and "vertical" up-scaling, i.e., moving from a local or provincial engagement to a national-wide engagement, often involving policy dialogue to help achieve the policy and institutional conditions needed for successful national-level scaling up.

Defining the desired scale: It is important to define, up-front, the ultimate scale to which an intervention should or could be taken, given the needs of the target population and the nature of the intervention; and to realistically consider the time horizon over which the scaling process needs to extend in order to achieve the desired ultimate scale. Hartmann and Linn (2008) found that successful scaling up of programs to a national scale can take five to 10 years, or longer.

Focusing on key drivers and spaces for scaling up: There are two sets of factors that need to be considered in designing the appropriate pathway for any given case (Hartmann and Linn, 2008):

- "drivers"—these are the forces pushing the scaling up process forward (see Box 1); and
- "spaces"—these are the opportunities that can be created, or potential obstacles that need to be removed to open up the space for interventions to grow (see Box 2).

Not all the drivers and spaces will have to be considered or developed with equal depth for all cases. Indeed, identifying and focusing on the core factors applicable to a particular case is one of the requirements of effective scaling up.

A key aspect of IFAD's traditional approach to rural development is its engagement with rural communities. Communities are potentially critical drivers in the process of scaling up. They can provide innovative ideas, act as the champions of change, and create the political and economic demand for the services that IFAD may wish to scale up.

Delivering intermediate results: Along the scaling up pathway it is important that the program produces intermediate results. This is necessary to allow for the testing and, where needed, adaptation of the approach. But it also helps with ensuring the buy-in of community, government and other stakeholders.[7]

Selecting IFAD's operational modalities for scaling up: IFAD has various options for applying its operational modalities in supporting the pathways for scaling up:

- IFAD can use its own resources for scaling up (top-up, repeater projects, programmatic approaches, etc.), work in partnership with other agencies (co-

Box 1: Drivers of scaling up

A few key factors drive the scaling up process forward:

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 to drive the behavior of actors and institutions toward scaling-up. They include rewards, competitions and pressure through the political process, peer reviews and other evaluations, etc. Monitoring and evaluation against goals, benchmarks and performance metrics are essential ingredients to establish incentives and accountability.

Source: Adapted from Hartmann and Linn (2008).

financing, sector-wide approaches, etc.) or hand-off to other donors, the government or non-governmental partners;

- IFAD can finance investments, provide technical assistance or engage in policy dialogue; and
- IFAD can scale up an intervention within a country or across countries.

Putting in place monitoring and evaluation (M&E): M&E are key ingredients of a successful scaling up strategy: First, during the implementation of the pilot or experimental stage, the intervention needs to be monitored to learn what are the drivers and spaces (opportunities and constraints) that may affect an eventual scaling up process, and the impact of the pilot in terms on the lives of the rural poor need to be evaluated (preferably against a control group). Second, during the scaling up process, monitoring will provide important feedback on any unforeseen aspects of the scaling up pathway and permit the adaptation of the pathway as needed. Intermittent evaluation of the impact of the scaled-up program during implementation and after completion is needed to ensure that the expected results actually materialize and to learn lessons for the next steps of the scaling up pathway.

Risks of inadequate attention to scaling up pathways: A number of problems can result from not paying the

Box 2: Spaces for Scaling Up

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 in support and those against the intervention need to be attended to 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 harnessed through monitoring and evaluation, knowledge sharing and training.

Source: Adapted from Hartmann and Linn (2008).

necessary attention to scaling up pathways, including the following:

- opportunities for scaling up may be missed ("Type 1 error") or scaling up may be done poorly ("Type 2 error");
- creating "boutique" approaches that only work in the small due to their high costs;
- setting up special purpose entities (e.g., PIUs) rather than working through ministries may limit institutional options later;
- working with limited financing mechanisms, not identifying policy constraints and working with small implementing partners (such as NGOs) may limit the potential for scaling up later; and
- lack of effective, timely M&E may lead to poor decisions in scaling up.

Key steps in the scaling up process

In conclusion, in exploring and implementing a scaling up agenda, IFAD needs to pursue the following key steps:

Step 1: Define the scale of the issue to be addressed and the appropriate scale of intervention up front along with a suitable time horizon.

Step 2: Define suitable pathways of scaling up by identifying the drivers and spaces for scaling up, including the costs of project implementation (or service delivery, etc.).

Step 3: Explore the institutional, organizational and policy context that allows scaling up.

Step 4: Define the partners who can assist with or take over the scaling up process and what needs to be done to bring them on board.

Step 5: Define the appropriate operational instruments (loans, grants, technical assistance, policy dialogue, etc.) for IFAD to support the scaling up process.

Step 6: Monitor and evaluate the pilot or experimental project as well as the scaling up process in terms of the suitability of the pathway and impact on the rural poor.

SCALING UP IN IFAD'S RECENT OPERATIONAL PRACTICE

We will now explore whether and how IFAD has tackled the scaling up challenge in its operational work, through its country programs and projects on the ground. Our review did not involve a comprehensive assessment of all country programs and operations. Instead, we carried out two country case studies, reviewed selected relevant evaluation documents, considered IFAD's practices in selected thematic areas and explored IFAD's operational scaling up experience in interviews with IFAD staff. We start with a summary of the two country case studies prepared for this review. We will then review the results of three recent Country Program Evaluations carried out by IFAD's Office of Evaluation (IOE), and summarize the findings from our thematic reviews. This is followed by a summary of the conclusion of the recent "Corporate level evaluation of IFAD's capacity to promote innovations and its scaling up" by IOE. We conclude with summary observations on scaling up in IFAD's current operational practice.

Case studies of scaling up in IFAD's country programs

Our team carried out two case studies devoted specifically to assess scaling up in two of IFAD's country programs. The studies involved document reviews, a visit to each country by a member of the team and interviews with IFAD staff and with in-country stakeholders.

Peru Case Study[8]

Since 1980, IFAD has provided a sequence of eight loans to Peru totaling $115.4 million. These loans have principally addressed the needs of small-scale farmers in the Peruvian highlands. Taken together the last five of these eight loans—known by their short titles as "FEAS," "MARENASS," "CORREDOR," "SIERRA SUR" and "SIERRA NORTE,"—in effect represent a pathway for a complex, but overall successful scaling up process.[9] The scale of impact has been impressive: IFAD projects targeted 150,000 households and probably reached a lot more. FEAS, MARENASS, CORREDOR and SIERRA SUR have reached 1,610 communities, or about 30 percent of the roughly 5,000 poor communities in Peru's highlands. This country program provides an important example for the development of a scaling up pathway with its multiple aspects and dimensions.

a) Scaling up pathways—the sequencing of innovations:

IFAD's projects in Peru supported the introduction of a series of innovations that included:

- transforming a supply-based system for the provision of technical assistance and extension services to a demand-driven service under market conditions by transferring monetary resources directly to beneficiary communities in order to contract services provided by private contractors (MARENASS and FEAS);
- focusing on management of productive natural resources through the use of a competition-based approach known as "*Pacha Mama Raymi*" (MARENASS); and
- expanding the scope of projects by furthering the concept of socio-economic development corridors, recognizing the relevance of urban-rural linkages, the importance of micro enterprises activities and the need to foster business opportunities and the development of local markets for goods and services (CORREDOR).

Innovation in the MARENASS project was understood as a series of concepts, criteria and instruments that the government of Peru and IFAD implemented systematically at a considerable scale over time, in a large area, with significant resources and in a way that was novel to Latin America. The design of this project synthesized other fragmented and incomplete previous experiences.

FEAS continued and deepened the approach of MARENASS, while the CORREDOR project replicated successful practices from FEAS and MARENASS, expanded the geographical coverage in the Southern highlands and included an initiative to add value to beneficiaries' assets by including the identification of market potential for products with a traditional cultural content. Additionally, a pilot program to promote savings among rural poor women was introduced in the context of a sub-component to enhance financial markets.

In the SIERRA SUR project, the accumulated experience and tried innovations introduced in predecessor projects are being deepened in pursuit of enhanced impact. The recently launched SIERRA NORTE project will further expand coverage and test approaches in a similar geographical setting but with distinct social organizational structures.

b) Scaling up pathways—a multi-dimensional approach:

In the Peru country program, the sequence of IFAD projects involved a multi-dimensional scaling up approach: scaling up occurred within sectors and across sectors; within geographical areas and beyond; across stakeholders; and with multiple institutions.

- Sectorally, the starting point was the agriculture sector in MARENASS. Its competitions ("*concursos*") addressed communal rangeland management and smallholder irrigation. Follow-up projects covered all agriculture, with the more recent ones also addressing rural development and housing. This process of "functional scaling up" culminated under the CORREDOR project by fostering urban-rural linkages formalized through business plans for private asset accrual. A new IFAD project, currently under preparation ("Consolidating Innovations in the Highlands") now seeks to combine a rural development approach with a territorial development approach. This would be embedded at municipal levels and would aim to offer opportunities to private business growth that may or not be agriculture-based (e.g., by delivering public utilities such as water and power to small enterprises or tourist facilities).
- Geographically, IFAD's projects initially focused on selected areas of the Southern highlands of Peru and gradually expanded coverage within this region. In its most recent project IFAD expanded its engagement to the Northern highlands.
- As regards to beneficiaries or clients, IFAD designs initially focused on smallholder farmers, while later defining its target group as farmers ("*campesinos*") more generally and finally addressing rural "citizens."[10] These shifts mirror the changes from the restricted agricultural development perspective to a more holistic, inclusive concept of strengthening local capacities of local government and communal institutions and organizations accompanied by an open investment menu leveraging people's own resources.
- As regards to institutions, IFAD's project initiatives were replicated and scaled up by at least two other donors: by the World Bank in the ALIADOS project, which built on IFAD's successful strategy in the Southern highlands; and by the KfW of Germany in the Agro-Environmental Program, which applied the competitive awards mechanisms and other instruments used in IFAD projects. Recently the government broadened the institutional framework for rural poverty reduction by creating the AGRO RURAL umbrella organization under the Ministry of Agriculture for all rural interventions under which all governmental and donor-funded programs are now systematically developed and implemented.

c) Scaling up pathways—the drivers:

Among the external forces that helped shape the development of the Peruvian approach to rural development, there were the economic crisis and structural reforms in the 1990s. They had undermined the capacity of the state to pursue top-down, centrally led rural development programs. In addition there was the impact of the battle against the Shining Path movement and its aftermath. All these factors encouraged a community-based rural development strategy that involved a unique approach of bottom-up championship and leadership, rooted in a broad-gauged trust of "campesino" (farmer) community-led development. A network of local experts and NGOs pushed this process forward, supported by successive governments and assisted by IFAD. IFAD's long-term country program manager, who exceptionally was based in Peru for over a decade, apparently played a key role in pushing the process forward.

Another critical driver of the long-term process of scaling up was a well-aligned and comprehensive system of incentives and accountabilities, focused on the articulation and transmission of community demand as a key factor pushing the scaling up process forward. This included a number of important instruments that empowered and incentivized the highland communities:

- the transfer of funds directly to communities through a democratic process involving "local resource allocation committees;"
- the empowerment of communities to allocate these funds according to their own priorities and to local contractors of their choice; and
- the incentives provided to communities through the mechanism of competition, which served as an effective means of encouraging, sharing and replicating local technological and organizational innovations throughout the project area.

d) Scaling up—creating the space to grow:

The Peru case study identified a number of key spaces that were created by the government, the communities and IFAD that made it possible for the scaling up process to proceed:

- *Political space*: No significant political obstacles got in the way of expanding systematically and consistently the bottom up, community driven rural development process. This was in part because of the external drivers mentioned above, and in part a result of the broad-gauged networking efforts involving many stakeholders in and out of government, in academia and think tanks, NGOs and with international partners.
- *Policy and institutional space*: Over time, the necessary policy and institutional space was created by establishing the legal foundations for the decentralized and community driven approach, including the development of institutional focal points at the local level for the disbursement of funds, the integration of the project implementation units (PIUs) into the ministerial structures, continuity in the staffing and leadership of PIUs, and the recent creation of a overarching institutional umbrella for all related rural development efforts (AGRO RURAL).
- *Fiscal space*: No major fiscal constraints were encountered in replication and scaling up, mostly because unit costs were kept low by design—and turned out even lower in implementation—and because of the financing provided by Peru's international partners, especially IFAD, which helped fund the start-up costs.
- *Cultural space*: One of the key ingredients of success of the Peru program was the great cultural compatibility of the rural development model chosen with the cultural norms of the highland population. The community based approach was particularly

well suited to the cultural traditions of the Andean population in the south, less so in the north, where there are fewer Andean communities. As a result the SIERRA NORTE project adapted the operational model to rely more on municipal and private sector agents (including the mining sector), rather than insisting on the model of community driven development that was so appropriate in the south.

- *Learning space*: The implementation and supervision arrangements set up by IFAD and the PIU created a learning space by enhancing a "learning by doing" culture, flexibility and openness to change. The learning space was built up by (i) strengthening capacity for mutual learning, (ii) providing earmarked resources and opportunities for local actors to experiment, implement and validate technical solutions, (iii) cooperating with a "learning network" of engaged experts, and (iv) preparing and disseminating documentation (mostly in Spanish) of experience gained learning processes and products.

e) Scaling up—IFAD's role and processes:

IFAD's role in supporting the scaling up of rural poverty programs in Peru has been significant. It supported the design of projects that incorporate a flexible approach, introducing effective mechanisms to ensure the users' participation in decision-making on objectives, activities and managing resource administration. The main elements of this flexibility were (i) a demand-driven approach; (ii) recognition of the central role of communities and families; and (iii) a strategy of developing local goods and service markets. Three elements further contributed to IFAD's effectiveness in supporting the scaling up process: its willingness to stick with a broadly consistent approach over many years, building on past experience, and a readiness to adapt in light of lessons learned, changing needs and specific conditions on the ground.

A key driver of IFAD's engagement in the scaling up pathway was the fact that the long-term CPM championed this approach and that he was based in Peru for 15 years. While initially apparently without much support from IFAD headquarters, the CPM received positive feedback at least since 2004, when a study of scaling up in Peru for the 2004 Shanghai Conference gave a credit to the approach followed in Peru (Massler, 2004). This was reinforced by the report of an independent external evaluation of IFAD in 2005, which also noted the positive scaling up experience in Peru (IFAD Office of Evaluation, 2005). More generally, the CPM reports that he valued the informal discussions with supportive colleagues in IFAD.

Moldova Case Study[11]

Moldova is a small country with 3.3 million people, just beyond the borders of the EU with no early accession prospects. The poorest country of Europe, it is still heavily dependent on agriculture and more than 65 percent of the population resides in rural areas. Moldova, as a former republic of the Soviet Union, was hard hit by the breakup of the Soviet economic space. Even after some recovery in the 2000s, about a quarter of the population lives in poverty today. But the poverty incidence is shallow and widely dispersed across the country. As a result, narrowly targeted anti-poverty programs, whether by geography or by population stratum, cannot be readily implemented (in contrast to Peru). This has had significant implications on the design of IFAD's program. Since 1999, IFAD approved four projects, of which one has been completed. A fifth project is currently under preparation. The total loan amount committed to date is $48.6 million. (See Box 3.)

a) Scaling up pathways—reaching substantial scale in financial intermediation:

IFAD has developed into a very substantial provider of medium- and long-term credit for rural enterprises in Moldova. This scale was achieved through four successive projects, even though only one of these projects had provision of investment credit as its main focus. The design of other projects focused on different priorities, such as support for microcredit lending, for community development, for rural SMEs, for value chain development, and for rural infrastructure development. Whatever the project design, investment lending through banks to a broad base of rural producers always emerged and remained as the mainstay activity throughout. As a result of this sustained engagement, IFAD has emerged as a major provider of rural investment credit.

Due to changing project priorities a systematic pathway for scaling up in other IFAD-supported activities is not evident in project documentation. Some of the design shifts were responses to changing government priorities: e.g., the scaling up pathway for microcredit programs was interrupted for several years due to lack of interest by the government. Other changes resulted from implementation experience: e.g., the community-based investment planning approach was not considered successful. Other changes were introduced in an attempt to better target the rural poor. The value chain approach was introduced to help target investment lending to activities that are

Box 3: Changing design features in IFAD's Moldova country program

- IFAD Project I aimed to strengthen the microfinance system through support of the Savings and Credits Associations (SCAs). It also channelled medium-and long-term credit through commercial banks for investment lending for agricultural production.
- IFAD Project II focused on participatory community development. Development plans were to be prepared by rural communities; and private investments supported by IFAD-funded bank credits were to be directed to support these plans. At the request of the government, no microfinance support was included.
- IFAD Project III strongly promoted credits to commercial banks for on-lending to small- and medium-sized rural enterprises, since the community development approach under IFAD II failed. One third of the loans extended were larger than $100,000. The program disbursed rapidly.
- IFAD Project IV principally supports the development of the horticulture value chain development through training, technical assistance and credit support.
- IFAD Project V is currently under preparation and promises a wide range of old and new features: support for the development of agro business and multiple value chains, for microfinance through multiple channels, and for young entrepreneurs.
- All projects involves NGOs as service providers to help rural entrepreneurs to identify business opportunities and to help prepare business plans that then can be submitted to commercial banks for financing.
- IFAD Projects III and IV also support a grant scheme for public infrastructure development. There is much demand for these grants and implementation is judged to be very successful.

Source: Arntraud Hartmann, based on IFAD project documents labor intensive. Other programs, such as the rural infrastructure program, do not have a prolonged record of implementation and are limited in scale. It is thus premature to assess their pathway of scaling up.

b) Scaling up pathways—drivers and spaces:

Unmet demand by rural producers and rural enterprises for medium- and long-term credit was the most important driver for scaling up in Moldova. The second driver was continued demand by successive governments for IFAD to focus on these activities. The engagement of the banks, NGOs, government and IFAD in support of rural producers produced a mutual trust and discipline with high repayment rates that made the approach scalable.

The development of a capable PIU, which strongly supported the directed credit operations, created the institutional space for the credit operations in Moldova. The good management performance of the PIU, headed by an effective leader who believed strongly in the utility of the rural finance component, helped mobilize political support for this program.

IFAD's pragmatism in permitting project implementation de facto to adjust to the realities of market and government demand was a key factor allowing the program to scale up into a sustained directed rural credit operation. Projects were adjusted during implementation as needed: Resources were reallocated to medium-term and long-term credit where funds disbursed quickly and as components that did not move were dropped. In that sense, IFAD's institutional flexibility also provided the space for the rural finance program to grow.

c) Scaling up pathways—intentions and outcomes:

The Moldova rural finance program has achieved substantial scale in terms of loans extended. But as mentioned, this was less the outcome of a deliberate approach; it was rather the result of a pragmatic implementation process supported by an effective PIU. Bringing the rural finance component to substantial scale is not a declared objective of IFAD's country program paper (COSOP). Project documents convey the intention of gradually focusing IFAD interventions away from support for investment lending, presumably so as to align IFAD operations in Moldova more closely with IFAD corporate priorities. But implementation practices supported rural finance credit as the overriding priority. The result is a strong role of IFAD as a provider of medium-and long-term credit to rural.

Evaluations of the specific projects supported by the IFAD directed credit lines have been positive. Repayment rates are very good, as noted earlier. Direct employment and income effects are favorable. But poverty impacts have not been estimated. Much of the justification of the rural finance programs rests on the assumption of important linkage effects in the rural economy. To assess these effects, clear ex-ante baselines and goals would need to be set and progress against these subsequently evaluated. Presently, this is not the case.

One of the important original objectives of IFAD engagement was to jump-start a lending program that Moldovan banks would subsequently continue with their own resources. This stage appears not yet to have been reached as commercial banks continue to be reluctant to extend medium- and long-term loans to rural enterprises and producers from their own funds. The absence of medium- and long-term deposits in banks and a lack of access by banks to international financial markets are among the reasons why Moldovan commercial banks do not extend medium- and long-term investment funds. There also appears to be systemic impediments in the Moldovan banking system that prevent the stated objective to be achieved. These obstacles need to be identified and addressed so that commercial banks themselves take on a stronger engagement in investment lending. As long as IFAD and other donor-funded credit lines remain the principal source of investment funding to rural areas, the programs are not sustainable. In this sense, the sustainability of the model without IFAD's continued engagement and the future ability of the banking sector to scale up rural lending without growing IFAD (or other external partners') support remains at issue.

d) Scaling up pathways—the challenge of future drivers and spaces:

Looking ahead, IFAD's vision for scaling up its country program in Moldova appears to be one of continued support for investment credit programs, micro-credit operations and rural infrastructure support, with an additional emphasis on value chain development. The scaling up path is seen as a continued series of projects that support these activities. Additional co-financing and parallel financing are to be sought from other donors, so that resources can be increased and the number of beneficiaries supported through these programs can be increased.

Continued support through additional projects will increase the cumulative number of beneficiaries. But free-standing projects alone are unlikely to build a sustainable path for scaling up. More systemic efforts are needed to establish a pathway that will lead to substantial and sustainable scaling up. In terms of drivers, the credit demand and demand for grant-financed infrastructure may remain a strong force, but meeting this demand purely through IFAD resources is not a meaningful scaling up strategy in the longer term, even as the government continues pushing for it. The challenge for IFAD, therefore, will be to help the government develop a clear pathway that will rely not only on IFAD's and other external partners' funding, but also increasingly strengthen the banks' capacity and readiness to step up lending on their own account.

A key success factor will be the creation of a suitable policy space. So far, IFAD has not taken a strong role in financial sector policy analysis, dialogue and reform. If the conditions for a sustained and scaled up private sector to lend to rural producers is to emerge, policy and regulatory reform will have to play a major role. Partnerships, especially with the EU and the World Bank, could be developed to build a platform for reforms.

In the institutional space, IFAD's approach has been supported by an effective PIU, which operates mostly in parallel with official government departments. The PIU manages IFAD's directed credit programs in parallel to the government's specialized credit line department, which handles the programs of other external donors and the repayment from IFAD credit lines. While this arrangement has worked in the past, scaling up ultimately requires closer alignment with the government's own systems. Helping to build and support these systems in areas where IFAD has substantial engagement could be one of the building blocks for scaling up.

Finally, in the knowledge space, IFAD's engagement through M&E has been limited so far. A more systemic effort to monitor and evaluate the experience, to understand the financial sector context, to understand the poverty impact, and to prepare options for policy and institutional reforms, will be key elements of a scaling up strategy in rural credit.

e) Scaling up pathways—constraints in IFAD's operating modality:

A number of factors constrain IFAD's ability to scale up in Moldova.

- *Project focus*: IFAD's focus on the individual project and frequent changes in design features across one project to the next militate against attention to longer-term development of a serious scaling up path. A more programmatic approach—especially in the context of COSOP preparation and implementation—could go a long way to help overcome this constraint.
- *Policy engagement*: IFAD's capacity for engagement on policy analysis and dialogue is very limited. Given the importance of this element for a longer-term scaling up approach in Moldova, IFAD could explore ways to improve its analytical capacity or draw systematically on that of its partners.
- *Conflicting country and corporate priorities*: The government and key stakeholders want to see continued IFAD engagement in broad-gauged rural credit operations. IFAD's corporate priority has traditionally been to focus on the rural poor. Moreover, IFAD's current rural finance policies do not encourage targeted credit operations. Frequent changes in terms of government priorities for other design features (microcredit, youth employment, etc.) may undermine IFAD's ability to stick the course in any one of these areas. A proactive dialogue with all stakeholders and partners on these tensions in the preparation and implementation of the COSOP will be helpful.
- *Country presence*: Stronger country presence would be needed for effective and sustained scaling up in Moldova. Implementation of IFAD's policy of enhanced country presence will help in this connection.
- *CPM overload*: A competent and committed CPM is stretched by having to work on two countries while multi-tasking across a wide range of functions—many of which have to do with the administrative management of the project pipeline in two countries. This constrains his ability to commission policy analysis, engage in policy dialogue, build partnerships and thus develop effective scaling up paths. IFAD might explore ways of strengthening the country team, but this will likely require additional resources.

Evaluation of three country programs: India, Nigeria and Sudan

Each year, IFAD's Office of Evaluation carries out evaluations of selected country programs. In 2009 and early 2010 three country program evaluations—for India, Nigeria and Sudan—focused on the question of scaling up. The range of results is instructive. A common feature noted in all three evaluations is the lack of systematic approach to scaling up.

IFAD's Office of Evaluation completed the Country Programme Evaluation (CPE) for India in October 2010.[12] It noted that IFAD's two country program strategies (in 2001 and 2005) for India included a reference to IFAD's role in developing scalable interventions and explored opportunities for partnerships and identified areas for policy dialogue, but that it did not contain a strategy for knowledge management.[13] The evaluation also notes that the India program shows a number of successful scaling up and replication examples. But it concludes that the approach was not systematic and could have addressed additional dimensions, including more effective partnerships with government, a more intensive policy dialogue, better linkages to key national rural development programs, and more effective approaches to scaling up in microfinance.

The Nigeria CPE was published in September 2009. It gave less attention to the issue of scaling up than the India CPE. It notes that in the Nigeria COSOP "[i]nnovation and scope for replication and scaling up [are] reasonably well described, albeit without specifics."[14] It briefly refers to the fact that successive projects "followed a logical pattern of synergy" in building on previous success and notes specific examples where this took place. However, the CPE also concludes that policy dialogue and knowledge management were insufficient. While IFAD sought partnerships with the international financial institutions these were not systematically developed and no effort was made to participate in multi-donor sector-wide approaches (SWAps). The CPE cites the lack of effective country presence in Nigeria and the lack of a systematic process to foster innovation and scaling up as significant factors constraining IFAD's ability to scale up.[15]

The Sudan CPE also was published in September 2009. It refers to scaling up, but only in passing by stating: "The COSOP was unclear on how innovative solutions to rural poverty reduction were expected to be replicated or up-scaled."[16] The report points to insufficient engagement on policy dialogue and knowledge management and to poor sustainability of projects.[17] However, the report cites some, albeit limited examples of successful scaling up.

Scaling up in a thematic context

We looked at IFAD's scaling up experience in two thematic areas: environment and natural resource management (ENRM), and value chains. In the former area, we benefitted from an internal in-depth review of IFAD's response to climate change. In the latter area, we pieced together various items of information about the experience to date with scaling up in what is a relatively new area of IFAD's engagement.

Scaling up in the area of environment and natural resource management

A recently completed internal review provides a thorough overview of approaches and programs that IFAD has supported in recent years in the areas of ENRM, with a special focus on how they relate to the new challenge of climate change.

The report starts with a clear statement of the scale of the potential threat to human livelihoods created by climate change and lays out the contribution of agriculture and forestry to climate change, citing World Bank estimates that agriculture and deforestation account for 26 to 35 percent of greenhouse gas emissions. However, as the report stresses, agriculture and forestry can play a key role in tackling climate change. The report goes on to review how IFAD's interventions have supported climate change adaptation and mitigation, with a principal focus on ENRM. The report assesses technological solutions in the ENRM areas of agroforestry, community-based natural resource management, water management and irrigation, coastal management and fisheries, and land tenure. It cites examples where IFAD's interventions have been scaled up, and concludes that IFAD grants for climate change adaptation hold great potential for scaling up.

Notable among the examples of successful scaling up by IFAD in the area of ERNM is the case of reforestation for the purpose of developing sustainable long-term land use practices in arid or semiarid areas for improved livelihood of poor farmers and for carbon sequestration. The "re-greening" initiative in the Sahel and other drylands of Africa is particularly relevant. This approach involves on-farm and off-farm forestry development and has a successful track record in selected Sahelian countries, especially in Niger, where "re-greening" has benefited about 5 million hectares with considerable economic and social benefits to poor farmers (IFAD 2010a). Some of this experience can be credited to the long-term engagement of IFAD in the 1980s and 1990s with soil and water conservation programs in Africa, especially in connection with its investments in replicable water-harvesting techniques.

Other examples of scaling up include a technical assistance grant to the World Agroforestry Centre (ICRAF) for the Diversification of Smallholder Farming Systems in West and Central Africa through Cultivation of Indigenous Trees, which among other results has led to a gradual reduction in the practice of slash-and-burn agriculture in these humid tropics areas; a grant for the Africa Rice Center that enables scaling up successful methods of participatory varietal selection and a community-based seed system approach, with a focus on IFAD loan projects; and the provision of nearly 23,000 "biodigester" tanks for biogas production to approximately 30,000 poor households in West Guanxi, China.[18]

A final example of the potential for scaling up in ENRM, and IFAD's growing interest in this topic, is a recently completed study of the worldwide experience with weather index insurance to help protect farmers from weather-related risks to crop production. "The Potential for Scale and Sustainability in Weather Index Insurance for Agriculture and Rural Livelihoods" (IFAD 2010b) focuses specifically on the potential for designing scaled-up and sustainable interventions and represents an excellent example of the approach which IFAD should explore in other thematic areas to learn the lessons of experience (its own and that of others) for scaling up and sustaining successful interventions.

Despite these examples of an effective focus on scaling up in selected cases, it appears that scaling up has not been at the core of IFAD's ENRM activities. However, the experience to date will be helpful in exploring how to incorporate scaling up into IFAD's future ENRM strategy, including its stress on the more effective use of data collection, sharing and use in planning processes, its references to mapping and assessment tools that can help define the relevant scale of intervention, its focus on the policy and institutional context, and its emphasis on the need to mainstream climate change aspects more effectively into IFAD's traditional ENRM interventions.

Scaling up with value chains

Value chains offer a "vertical" form of scaling up by focusing not merely on the poor farmer, but on the pathway from producer to consumer. Of course, projects with interventions designed to help the development of an effective value chain do not necessarily mean that one expands the number of beneficiaries in a significant way, since the project itself may be narrowly focused on a limited number of participants or there may be constraints on the supply or demand side which make it impossible to scale up the value chain horizontally, i.e., expand its scope so that it covers increasingly more beneficiaries.

IFAD's explicit focus on value chains is of recent origin. There is hardly a mention of value chains in the Strategic Framework 2007-2010 (IFAD 2007), although the framework devotes considerable attention to market access, which is a key component of a value chain approach. By 2010, value chains had moved to the core of IFAD's thinking, as reflected in various recent speeches by IFAD's president, a speech by the IFAD's assistant president and various other public pronouncements.[19] And various projects focused specifically on value chains are now under implementation or preparation. In fact, according to IFAD President Nwanze's speech in Nigeria on 10 March 2010, "[i]n value terms, the total approval of IFAD projects in which value chains were either components or the primary instruments for poverty alleviation increased from 1.8 percent in 2005 to 50 percent last year."[20]

IFAD is currently completing a thematic study on the development of value chains as a way to assist the rural poor. Based on a number of case studies, it develops a thorough understanding of the value chain concept, reviews some of the experiences to date, analyzes the potential and constraints of the value chain approach and draws conclusions for IFAD's operational engagement in value chain development. The study does not specifically focus on the opportunities and challenges of scaling up with value chains, but some of the conclusions are of relevance here. First, the study identifies three key factors for successful pro-poor value chain development: (a) achievement of higher farm-gate prices; (b) development of strong and inclusive farmer organizations; and (c) outreach to rural women and the rural poor. Second, the study stresses the important role of the enabling environment (in terms of policies, regulation, and broadly the investment climate) and of effective private-public partnerships. Third, the development of appropriate financing mechanisms is a critical element to successful pro-poor value-chain development. All three factors will likely play an important role if IFAD wishes to scale up its value chain interventions so as to reach a broader range of poor rural beneficiaries.

IFAD has various interesting examples of successful scaled-up value chain programs, among them some going back 20-30 years. A case in point is IFAD's engagement in support of a broad-gauged approach to cassava development in Africa.[21] Another example of a successful value chain program, albeit more limited, is the case of "PhytoTrade Africa," a membership-based company in South Africa, which has aimed to develop with IFAD support "a sustainable natural products industry in southern Africa that will be of benefit both to people and to biodiversity" (IFAD 2009a, p. 42). It involved "the creation of new value chains from tree products in arid zones, including beverages, cosmetic oils and health-care products in eight countries in eastern and southern Africa" (ibid. A third example in which IFAD was concerned with the scaling up of a value chain approach, involved a thematic evaluation of organic agriculture and poverty reduction in Asia, which in effect took a value-chain approach to the question how organic agriculture could be developed in Asia (IFAD Office of Evaluation, 2005).

However, according to recent evaluations, the effectiveness of IFAD's value chain interventions remains a concern. The ARRI 2009 credits IFAD with incorporating more value chain elements into its programs, but it also concludes "that constraints to improving market access are enormous and there are no easy solutions" (IFAD Office of Evaluation, 2009d, p. 10). The 2009 Portfolio Review similarly gives IFAD credit for having given more attention to value chain aspects in the programs which it supports, but it concludes that the area of market access remains one of the weakest in terms of IFAD's effectiveness (IFAD, 2009c, p. 14). The recent Country Program Evaluations for India and Nigeria also conclude that IFAD's engagement in support of value chains needs improvement (IFAD Office of Evaluation 2009 A, B).

In short, the value chain approach holds great promise for establishing a pathway toward scaling up. Moreover, IFAD has had some success stories in developing effective scaled up value chain programs and has recently much intensified its attention to this issue. However, the effectiveness of its engagement in this area remains to be fully tested. A systematic assessment has yet to be made as to how IFAD can best use the value chain approach to pursue an effective scaling up approach for rural livelihood development.

Corporate evaluation of innovation and scaling up in IFAD's programs

In April 2010, IFAD's Office of Evaluation presented to the evaluation committee of the IFAD executive board the findings of EIS, its major evaluation of innovation and scaling up at IFAD.[22] This evaluation was principally focused on innovation, but also explored IFAD's operational approach to scaling up.

The evaluation is based on a broad range of information inputs, including an assessment of IFAD's strategic directions; of the evaluation results of the completed project portfolio; of the approach in recent country strategies and ongoing projects; and of the results of a survey of IFAD's operational staff.

The evaluation concludes that the importance of scaling up has been stressed for some time in IFAD's strategic documents, and it cites specific cases of successful scaling up in-country programs. But it also concludes that scaling up has generally not been effectively built into country programs. "While there are some examples of successful scaling up, the resources allocated for the purposes are insufficient and staff skills are not adequate. Up scaling has largely occurred in an informal and unsystematic manner largely due to individual initiatives."[23] The evaluation concludes that IFAD needs to "[t]reat scaling up as mission-critical."[24]

Conclusions

The main findings of this section are fourfold:

- IFAD has good examples of scaling up in its country and thematic programs.
- IFAD's successful scaling up experiences can provide helpful insights and lessons on how to design appropriate scaling up pathways and should be systematically assessed as part of a future scaling up knowledge management initiative.
- In general, however, scaling up has not been a systematic focus of IFAD's country and thematic programs.
- IFAD would benefit from a more systematic approach to scaling up. The remainder of this review explores various aspects of how this could be done.

SCALING UP IN IFAD'S OPERATIONAL MANAGEMENT

We now turn to a review of the institutional tools with which IFAD manages its operational activities. Our aim is to assess how they support IFAD in scaling up its successful interventions. This is the heart of the scaling up review, since our principal purpose is to illuminate what otherwise is often a black box of internal management approaches and procedures in donor organizations. As in the previous chapter, our assessment is based on the review of relevant documentation and on interviews with IFAD managers and staff. Many of the documents which we draw on are in the public domain and easily accessible on the IFAD Web site (www.ifad.org). This transparency is very helpful as it allows external review and accountability.

In this section we first look at how scaling up is treated in IFAD's operational strategy and policy documents. We then review IFAD's approach to its country programming, project management, portfolio review, quality enhancement and project monitoring. We close with a set of conclusions.

Scaling up in IFAD's operational strategy and policy documents

In recent years, IFAD has prepared many strategy documents and policy papers. An active program of evaluation by IFAD's Office of Evaluation provides feedback and lessons for the executive board and for management on how its strategies and policies are implemented. We have reviewed the 24 most relevant guidance documents and evaluations to assess how scaling up is approached.

Since 2002, the focus on scaling up has increased and become more fully articulated, especially in the strategy and evaluation documents. However, there is not a detailed treatment of scaling up as a separate strategic goal or an exploration of the scaling up process in any of these documents. Scaling up is treated in close conjunction with innovation and learning, constituting a common triad of "innovation, learning and scaling up." Innovation is usually given a much more detailed and intensive focus in the strategy and policy statements than scaling up.

IFAD's policy documents and its operational guidelines have very few references and provide little guidance on scaling up. This is unfortunate, since they represent a key link between strategy and operational practice. Since guidelines for COSOPs and COSOP reviews also have addressed the scaling up agenda in only a limited way (see next section), we conclude that key operational guidance documents currently do not provide IFAD's staff with much direction on how to implement the institution's broad strategy on scaling up.

Evaluation documents (including the portfolio reviews) have tended to focus more explicitly on scaling up than policy statements and guidelines. But performance ratings for evaluations are treated jointly for innovation and scaling up. The evaluation manual offers no guidance for the evaluation of specific steps in the scaling up process. The evaluation of innovation and scaling up concludes that the innovation and scaling up should in the future be rated separately in evaluations and calls for the development of scaling up process guidance (IFAD Office of Evaluation 2010).

Country Program Strategies—the COSOPs

IFAD's Country Strategy Opportunities Programs (COSOPs) are frameworks for making strategic choices about IFAD operations in a country, identifying opportunities for IFAD financing, and for facilitating management for results.[25] COSOPs are documents in which IFAD reflects on the various instruments that it can apply in order to support a country program: investment projects, country dialogue, knowledge sharing, policy reform efforts, and partnerships with other actors. COSOPs are in principle the principal documents in which IFAD would explore the pathways for scaling up and how these instruments can be used to support a scaling up agenda. This section therefore reviews the approach to COSOPs in some depth.

The COSOP document

A set of guidelines approved by the executive board on September 13, 2006 (as a living document subject to improvements in light of experience) lays out the current format and processes for Results Based Country Strategic Opportunities Programme (COSOP) (IFAD 2006a). Since the approval of these guidelines, i.e., between April 2007 and September 2010, a total of 37 results-based COSOPs were prepared and submitted to IFAD executive board for review.

Compared to earlier guidelines, a key innovation from 2006 is a focus on results and hence on the results management matrix. Another objective of the 2006 guidelines was to make COSOPs more of an instrument for management, learning and accountability. A further intention was to pay more attention to the national policy environment and the actions of other donors, potentially elements of a scaling up approach, but not explicitly introduced as such.

Also, COSOPs are now the internal clearance instrument for new projects. An obligatory appendix contains a "project pipeline," which provides details on projects to be implemented during the COSOP period. Projects included in the project pipeline attached to the COSOP do not need a separate OSC (Operational Strategy Committee) review process.

The COSOP process

COSOP guidelines lay out the preparation process, annual reviews and evaluations of the COSOPs with eight separate steps for COSOP formulation and six steps for COSOP implementation. Specific guidelines have also been developed for the COSOP Quality Review Process (IFAD, 2008).

There appears to be significant divergences among regions and CPMs in the importance they attach to the COSOP. For some COSOPs, CPMs and regional directors spend little time and resources. For others, substantially more time and resources are invested. Preparation costs in the COSOP guidelines are estimated at about $45,000 (IFAD 2006a, Appendix XII, page 60). Some CPMs stated that they have spent as little as $20,000, but others have spent more than the amount estimated in the 2006 guidelines.

Country Program Management Teams (CPMTs) are expected to play a crucial role in COSOP preparation and monitoring. Here again, the practices vary widely. Some CPMs employ the prescribed processes to build country teams and seek engagement of the counterparts and stakeholders in the country. They use these processes not only for COSOP preparation but also as a platform for later consensus building for different IFAD interventions. One example is the elaborate process that was followed in the preparation of the Vietnam COSOP. Other CPMs hardly involve CPMTs.

The role of COSOPs

Based on our interviews and document reviews, COSOPs at present play a limited role for country program management. Most CPMs and regional managers give primacy to the preparation and implementation of projects. The lack of centrality of the COSOP instrument for most countries so far becomes evident during the project Quality Assurance (QA) review process. Projects reviewed often show disconnects between the COSOP and the project. As no mechanism exists to link the project review to the COSOP, including the Quality Enhancement (QE) project review, such disconnects typically go undiscovered.

But the COSOP's marginal role is likely to change. IFAD has followed other international financial institutions (IFIs) and now presents projects up to a certain size for board approval under streamlined procedures. Board members thus do not discuss each individual project, but instead focus on COSOPs, which are to provide the conceptual framework in which projects are designed. Given this change, the COSOP instrument could evolve into a more central country program instrument than is presently the case. However, given the small number of projects and the sectoral concentration of IFAD projects in any one country, it is more difficult to ensure that COSOPs play the central role which country assistance strategies have, for example, in the World Bank. Also, the fact that COSOPs have no apparent significance for resource allocation, either in terms of lending allocations (which are governed by the PBAS process, see below) or in terms of administrative budgets, weakens their role as an operational planning and programming tool.

Scaling up in COSOPs

As noted earlier, the COSOP guidelines address scaling up but only in a very limited way.

There is no guidance given on the definition of scaling up, nor on how to present the scaling up goal, pathways and processes. Accordingly, while most COSOPs focus explicitly on innovation, the overwhelming majority of COSOPs says nothing or very little about scaling up, even in countries where there is, in fact, scaling up in IFAD's programs.[26] Where scaling up is mentioned, it is only as a complement to innovation. Most commonly, scaling up is described as "handing off" the innovation to another partner or the government. For this purpose it is frequently mentioned in the COSOP that a dialogue during the hand over will be conducted with other partners and the government. Only in exceptional cases is knowledge management linked to scaling up. Generally, IFAD interventions are presented as discreet interventions, unrelated to each other, with a significant effort being made to demonstrate that each of these interventions contains innovative components. Even in those COSOPs where scaling up has been specifically addressed, pathways to scaling up have not been laid out.

The Peru COSOP is an exceptional case in that it lays out a strategy that explicitly and prominently calls for a replication of innovations in the Southern Highlands, where they were originally tested, for the transfer of experience to other parts of the country, and for a move from project-based interventions to programmatic approaches. It presents evaluation, knowledge capture and dissemination as part of the scaling up strategy. Mainstreaming of successful processes and practices (such as competitions) and cooperation among national and international partners are key themes.

IFAD's operational culture has been dominated by a projects-based approach to its country programming. This means that IFAD's operational processes focus on the project, its inception, preparation, implementation and completion. If IFAD is to translate its strategic intention to scale up its successful interventions, then it will have to change from a project to a programmatic approach and COSOPs will need to address scaling up objectives, approaches and support processes in significantly greater depth than is presently the case, similar to the case of Peru. Most importantly, the scaling up pathway with its various dimensions and components needs to be recognized, laid out and managed. COSOPs are also the place where the links between innovation, learning and scaling up can be clearly articulated and possible tensions between these operational goals can be addressed transparently. This process of articulation will help to build and implement a vision for IFAD's country programs. It will also help to mobilize in-country support of the government and other stakeholders for the process.

Two steps will help in turning the COSOP into an effective instrument for scaling up:

- A clear link needs to be articulated between scaling up and the COSOP results matrix: COSOPs now are built around a results management matrix. In the future, scaling up objectives would need to be connected to the results objectives and indicators laid out in the matrix. For example, if certain targets for rural poverty reduction, agricultural production or natural resource conservation are included in the results matrix, then scaling up pathways need to be laid out to demonstrate how objectives could be achieved. The design of specific projects then needs to demonstrate that they will contribute to the achievement of the targets laid out in the COSOP results matrix as part of a specified scaling up pathway.
- For COSOPs to become strategic documents for scaling up, the review processes need to focus on strategic questions, including the following:
    - what does IFAD wish to achieve through its program in the country and at what scale;
    - does it have the right mix between innovation and scaling up;
    - what kind of scaling up is anticipated, by whom and how;
    - how will IFAD support this scaling up;
    - does the COSOP provide for the appropriate instruments to allow this to happen;
    - how will new projects that will be approved through the COSOP contribute to the results objectives and indicators laid out in the results management matrix; and
    - through which pathway and over what timeframe could this be achieved?

IFAD's Project Cycle: Project Design and Implementation

As for other development institutions, IFAD's operational processes are aligned with a project cycle. This project cycle consist of (i) concept approval; (ii) design stage; (iii) appraisal; (iv) negotiations and board presentation; (iv) implementation; and (v) completion. Again, the question arises how scaling up is considered at the various stages of the project cycle.

The project design phase

Projects are introduced into the design phase either through a concept note, approved by the OSC, or through approval of a results-based COSOP, which presents short versions of applicable project concept notes in its annex. Through approval of the results-based COSOP, the projects presented in its annexes are also cleared for proceeding to the design stage. The first mission in the project cycle is the so-called "formulation mission," Based on this mission a "formulation report" is prepared. The project document report remains in formulation stage until a Quality Enhancement (QE) review has taken place and an appraisal mission has been completed. The project design phase is completed with the appraisal mission and the formulation report is transformed into a "project design report." Subsequent to the appraisal mission, a Quality Assurance (QA) review is conducted, subject to which projects are authorized to proceed to negotiations and subsequent board approval. While IFAD project reports carry different names at different stages, the report outlines remain the same (see below). There is thus one report format that drives project formulation, design and appraisal. For the question of whether and how scaling up is addressed in the project design phase, the guidance documents for this report format are thus of particular importance.

Six principles of engagement guide IFAD's project design. These six principles of engagement are enunciated in IFAD's Strategic Framework 2007-2010 (IFAD 2007c). (See Box 4.) The fourth principle includes a reference to scaling up.

Of central importance to project design are the six key success factors (KSF). They are listed in Box 5. These key success factors, and the specific questions that project documents have to address under each of the factors, play an essential role in guiding the design phase of IFAD projects. Originally scaling up was not part of the KSFs. KSF6 referred to "innovation, learning and knowledge management," but not to "scaling up." Recently, KSF6 was revised to add "scaling up" (as shown in Box 5). This is encouraging. Going forward, however, the guidelines for project design and the guidance questions for the key success factors

Box 4: IFAD's Six Principles of Engagement

- Selectivity and focus of operations
- Targeting of the poor and disadvantaged
- Empowerment of poor rural people
- Innovation, learning and scaling up
- Effective partnership with national and international stakeholders
- Sustainability of development

Source: IFAD 2007c

Box 5: IFAD's Six Key Success Factors (KSFs)

KSF1: Country relevance, commitment and partnerships

KSF2: Poverty, social capital and targeting

KSF3: Best practices and lessons learnt within the context of IFAD´s Strategic Framework

KSF4: Institutional aspects—identification and capacities and implementing agencies and partners

KSF5: Risks and mitigation—complementing good design

KSF6: Innovation, learning/scaling up and knowledge management

Source: IFAD 2007c

also need to be revised to address requirements for scaling up (institutional requirement, sustainability issues, monitoring and evaluation, targeting, implementation arrangements, best practices). Guiding questions need to be formulated that raise the relevant issues for scaling up, and best practise examples should be provided.

Closely related is the important role that the Country Program Management Team (CPTM) and stakeholder engagement play in IFAD processes and activities. Active engagement of the entire CPTM and of stakeholders in the design of projects is deemed of great importance in IFAD. It is a core operating principle for IFAD to listen to national and local actors and to assign them key roles in all activities conducted during the project cycle. For the project design phase, the start-up workshop, undertaken in country early on before design work starts, is a well-established event that marks the opening of virtually all IFAD projects (IFAD 2006b). If IFAD wishes to help lay out pathways for scaling up, then major issues that shape this pathway will need to be raised during this stakeholder workshop. As participants in stakeholder workshops are mostly from the country where the program is to be implemented, raising the scaling up questions will be important for creating awareness and sensitivity in country for the issues to be addressed.

In comparison to other international financial institutions (such as the World Bank, EIB or the EBRD), IFAD projects are only broadly designed prior to approval. Much of detailed design work is done during implementation through annual work programs. This loose loan design and the important role that the annual work programs play have great significance for scaling up. As the design phase of an IFAD project only broadly defines a project, the pathway for scaling up will also be primarily designed during implementation under the guidance of the operating manual. Many adjustments will be made during implementation. Therefore the conceptual framework for scaling up needs to be embedded into the IFAD culture, and sensitivity for scaling up requirements need to be raised within IFAD country management teams and at stakeholder workshops. And very importantly, robust M&E needs to be built into projects to signal whether objectives are being achieved and to collect the information needed to inform an effective scaling up process.

Project implementation and supervision

Since 2007, IFAD undertakes direct supervision under the guidelines provided in the policy paper on "Supervision and Implementation Support." Prior to that, IFAD projects were supervised through delegated institutions, such as the World Bank or the United Nations (UNOPS). Direct supervision provides the opportunity to work on the pathway of scaling up. Scaling up can now be addressed from the design, the implementation and completion phase by the same country program team.

IFAD has issued very detailed operational guidelines on how to conduct supervision. These guidelines provide some guidance on how to address innovation and knowledge management but not on scaling up. Looking ahead, these guidelines should be revised to reflect an explicit focus on scaling up.

Project completion

Activities associated with project completion are laid out in the guidelines for project completion, including the preparation of a project completion report (PCR). The underlying assumption of these guidelines is that the project is a distinct set of activities, undertaken during a defined, limited period of time, which by its nature comes to completion. The guidelines lay out the assessments that need to be carried out to "complete" the project cycle. Questions in the guidelines, whether project activities are sustainable and how they can be made sustainable are addressed but do not play a central role. The guidelines mention the need for an "exit strategy" in laying out the agreements that need to be reached on post-project responsibilities to assure sustainability. They also refer in passing to replicability and scaling up, but not as core elements of the completion process

While project completion guidelines and project completion reports should explicitly address scaling up, the completion process in a project cycle should not be the only, and not even the most important stage in the project cycle at which to address scaling up issues. It is in the design and implementation phases that scaling up pathways and post-project trajectories need to be laid out and pursued. If this is not done during these earlier phases, the completion phase on its own will not make a substantive contribution.

IFAD´s Quality Review Processes

IFAD has two quality review processes prior to project approval. The Quality Enhancement Review (QE) moves the project from project design to appraisal. The Quality Assurance Review (QA) provides the clearance to proceed to negotiations and then board presentation. These two processes focus strictly on the project and whether the project will achieve its goals. Sustainability issues are addressed, but scaling up plays, at best, a subordinate role.

The QE process is elaborate and tightly guided by the KSF domains and the many questions asked under these domains. When the recommendations of the QE are adopted and incorporated by the CPMs, the QE review can make an important contribution to the quality of the design since it comes relatively early in project preparation and provides an opportunity for knowledge sharing and timely managerial guidance. Scaling up is (now) mentioned under KSF6, and among the questions supporting KSF6 is one referring to scaling up: "Has scaling up been discussed with government or other donors?" A favorable rating on this question does not means that the project is being or will be scaled up. Nor does it imply that the project design is suitable for scaling up. The question instead reflects a narrow understanding of scaling up, as a simple "hand over exercise" of a project to other donors or to the government. It would be more relevant to ask whether the project is part of a broader scaling up pathway, whether its design is suitable for future scaling up, and whether the project adequately scales-up past interventions in the country.

The QA is a last-stop, senior management-directed quality review that determines whether a project meets acceptable minimum quality standards. Fundamental redesign at this late stage is institutionally costly and only asked for in exceptional cases. But the QA review can raise questions about design features that threaten the quality a project and reflect these concerns in QA ratings. The QA review has so far been conducted with strong involvement of senior management, which has sent important signals to staff and heightened awareness of management priorities for design requirements.

As part of the QA process, as for with QE, reviewers are asked to rate a question on scaling up, as part of a broader category of "innovation, learning and scaling up." As in the case of QE, this question focuses only on whether "prospects for future up-scaling [have] been discussed with the government and external development partners."

One of the important tools underpinning the QE and QA reviews is IFAD's results measurement framework. Unfortunately, under this framework a combined rating is given to "innovation, learning and scaling up." While interrelated, each of the three dimensions has separate substantive and process aspects that define its quality and depending on the nature of the project and on where it falls along the scaling up pathway, different aspects of quality matter more or less. The lump sum rating for "innovation, learning and scaling up" can produce misleading results. The very favorable ratings provided for "innovation, learning and scaling up" (83 percent of projects are rated favorable on this combined criterion in the QA process) thus do not signal adequate treatment of scaling up in project design.[27] A separate rating would be an important step in improving the focus of IFAD's quality enhancement and assurance processes on scaling up, along with innovation and learning.

The Portfolio Review

IFAD's management undertakes annual, in-depth portfolio reviews to assess the health of the project under implementation. Guidelines are issued, and they provide instructions on how regional divisions should conduct these reviews.

In comparison to other operational instructions, the guidelines for portfolio reviews quite prominently emphasize scaling up issues. Very importantly, scaling up is not only presented as an addendum to innovation, but is presented as an issue in its own right. The emphasis on scaling up is particularly evident in the ratings. Each project is to be rated on its "potential for scaling up and replication." This rating is given separately from innovation/learning. Ratings between 1 and 6 are assigned (see Box 6). While the inclusion of a rating on potential for scaling up and replication is a welcome development, in due course a revision of the criteria might be needed. The potential for scaling

Box 6: Portfolio Review Ratings for Scaling Up

"An assessment should be made of the extent to which the project is positioned to translate its approach and/or innovations at the local level onto a larger scale—by government bodies, donors, other national/local partners, or poor women and men and their organizations.

(6) Highly satisfactory. Development partners have already begun scaling up certain elements. Strong potential exists for scaling up or replicating both at national level and beyond.

(5) Satisfactory. Development partners have shown interest in certain elements. Good potential for scaling up exists, but mainly within country.

(4) Moderately satisfactory. Development partners have shown some interest in selected project initiatives. Some potential exists for scaling up within country.

(3) Moderately unsatisfactory. Development partners have shown little interest in the project. Limited potential for scaling up exists, mainly at the local level.

(2) Unsatisfactory. Slight potential for scaling up exists, only at the local level.

(1) Highly unsatisfactory. No potential for scaling up."

Source: IFAD (2009c)

up should not be based only on the fact of whether a partner has shown interest. More important are considerations on how far the project has advanced on the pathway to scaling up. Interest of development partners is an important indicator for scaling up but not the only one.

The guidelines for the 2010 portfolio review introduce further important requirements. For all projects that are rated 6 in the category "potential for scaling up and replication," a brief narrative on the experience needs to be provided. These narratives could become useful to identify potential candidates for a more detailed study of pathways for scaling up. At this stage, IFAD management has no systematic overview how many of their interventions have been scaled up and through what processes. Developing successful case studies will help to provide learning tools and build an understanding of how projects suitable for scaling up can be designed. Taking stock of the potential for scaling up is thus a useful tool. But it will require careful management probing on the narratives presented. Short descriptions provided for the 2008-2009 portfolio review on "innovation, learning, knowledge management" show a large variation in attention to detail and understanding of scaling up and replication.

Project Monitoring and Evaluation (M&E)

IFAD distinguishes between internal monitoring and external monitoring of projects. Internal monitoring is undertaken by the project coordinating unit and by the implementing partners and/or consultants, separately, for each project. External monitoring includes the design and conduct of the three institutional questionnaire surveys that feed data into results and impact management systems (RIMS). It identifies and collects the data needed to "measure" outcomes and impact. In addition there are annual financial audits, the midterm review and the project completion report. In selected cases, impact evaluations (with control groups) are now being carried out. Baseline surveys are to be regularly completed for new projects.

There is broad agreement in IFAD that M&E systems are still relatively weak and confronted with systemic issues of ownership, incentives and capacity at project, sector and country levels. Weaknesses in M&E systems are consistently identified at the QE reviews. Recommendations to improve monitoring and evaluation arrangements are also among the most frequent addressed in the QA process. Baseline surveys are often seriously delayed. There is a need for significant improvements beyond the signs of progress noted in some countries over the past few years.

Successful scaling up requires sound monitoring systems. M&E systems can identify which components are successful and should be scaled up. Moreover, M&E should monitor the progress during the scaling up process and needs to go beyond an individual project. Scaling up typically needs longer time horizons than the project implementation period. An M&E system strictly focused on project objectives and time horizons will not suffice to follow the scaling up path of a program. Therefore it is advisable for IFAD to shift attention from the exclusive project monitoring to the monitoring of country programs (of which the project should be an integral part) and to align its support for M&E more closely with government monitoring system. A shift to monitoring and evaluation of country programs requires some revisions of the guidance notes.

Finally, one of the key questions is how incentives can be aligned for CPMs and PIUs so that they actually seriously engage in M&E. Traditionally, this has been a difficult challenge, since project staff have tended to focus just on the individual project, for which the costs of M&E tend to be relatively high in comparison to the benefits, which mostly accrue as knowledge and learning that can benefit other projects. However, when scaling up is an explicit and prized goal of the intervention then what is otherwise an externality becomes a direct or internal benefit to the project or program; and hence it will be valued by project managers for its contribution to the program goals.

Conclusions

Major implications and recommendations for strategy and operational guidance documents include:

- In the overarching institutional strategy documents, scaling up is well represented as an essential aspect of IFAD's mission and strategic principles, but policy and operational guidance documents generally do not deal with scaling up.
- Innovation, learning and scaling up are usually treated as a triad, with much more attention on the first two, especially innovation; scaling up is treated as an afterthought, if at all, in most operational policy, guidance and evaluation documents.
- As future operational strategy and operational policy documents are developed and existing ones are revised, scaling up needs to be given explicit treatment, separate from, but complementary with, innovation and knowledge management.

Major implications and recommendations for COSOPs:

- Current COSOP guidelines do not effectively guide CPMs toward scaling up; and COSOPs in general treat the scaling up agenda cursorily, if at all. It is anticipated that the revised version of these guidelines, to be issued later in 2010, will help address this issue.
- In the future it will be important to change IFAD's project-focused institutional culture into one that focuses on a longer-term programmatic approach to country operations, with scaling up pathways at the core of the strategic engagement.
- The COSOP review and implementation process needs to assure that COSOPs truly become strategic management tools.

Major implications and recommendations for the project cycle:

- Guidelines and operational processes governing the project cycle (preparation, supervision and completion) need to be revised to address requirements for scaling up.
- Project-related CPMT events and stakeholder workshops should explicitly address the scaling up dimension.
- The project completion process and report should go beyond an "exit strategy" and lay out the next steps in the scaling up process, based on a consideration of the scaling up pathways developed throughout the project.

Major implications and recommendations for project quality management:

- IFAD has an elaborate institutional project and portfolio quality management process.
- The QE and QA do not yet effectively address the scaling up agenda; their procedures should be recalibrated to do so and their ratings should be adjusted to separately assess the suitability of the project for scaling up.
- The annual portfolio review has a focus on and separate ratings for scaling up, but the reports have been uneven in terms of their attention to this aspect.

Major implications and recommendations for monitoring and evaluation:

- M&E in IFAD is strictly project-focused and generally judged to be of weak quality.
- In the future, M&E should be designed to support a scaling up approach, focused on monitoring progress along the scaling up pathway and evaluating the impact of interventions along the way in a programmatic context.
- This focus for M&E should help align the incentives for project managers with IFAD's often-stated institutional objectives and thus result in higher quality M&E.

Finally, let us note an important caveat: There is a natural tendency to make operational processes more complex and burdensome in the quest to improve operational effectiveness.[28] This should be avoided while adding process requirements to ensure scaling up is treated appropriately in IFAD's operational work. One option is to combine the review of operational guidelines and processes for scaling up with an effort to focus and simplify guidelines.

IFAD'S INSTRUMENTS, KNOWLEDGE, RESOURCES AND INCENTIVES FOR SCALING UP

This section pulls together analysis of important aspects of IFAD's institutional setup—operational instruments, knowledge management approach, and human and financial resource allocation practices—that affect its capacity to deliver on a scaling up agenda. Our assessment is selective, preliminary and less detailed than our study of the operational management aspects as described in the previous section. Conclusions and recommendations should be taken as tentative, with more in-depth and comprehensive analysis needed in a subsequent phase of work. Most of the evidence we have collected relies on interviews with IFAD managers and staff.

IFAD's operational instruments and modalities for scaling up

IFAD has various operational instruments for engaging with countries and clients. In this section we briefly review a number of those that have special relevance for IFAD's ability to help scale up programs for rural poverty reduction. We cover some of IFAD's specific financial instruments and approaches, engagement in policy dialogue, and mechanisms for partnership engagement, including co-financing and participation in sector-wide approaches (SWAps).

Financial instruments

IFAD has various ways of employing its finances that can support a scaling up agenda:

Topping up: This is a way for IFAD managers to add resources to a project that can absorb more money than originally planned.[29] Topping up can be a useful way to expand the scope of a project, but unless part of a well-defined scaling up pathway it will not amount to a serious scaling up effort.

Repeater projects: A repeater project replicates, extends or scales up a successful project. However, CPMs have tended to shy away from this practice since there is a requirement for a formal evaluation by IFAD's Office of Evaluation of the original project before the repeater project can be approved. This is seen as a time consuming process that causes serious delays for the follow-up project. Therefore, CPMs have preferred to modify the original project to avoid the formal designation of a repeater project, even when a follow-up project was intended. The more appropriate alternative would be to build an evaluation process into the implementation of the original project from the beginning that would allow timely results to be available at the time of completion.

Flexible Lending Mechanism (FLM): In 1998, the FLM was introduced as a way to give IFAD and its borrowers a longer term and more flexible instrument for engagement.[30] The instrument appears to be eminently well suited to move from a short-duration project approach to a longer-term programmatic approach that could support well-designed scaling up pathways. We understand that IFAD's executive board expressed its dissatisfaction with the FLM soon after its introduction—and the instrument has been in limbo since. The limited experience with FLMs should be reviewed and the option of reactivation seriously considered. During interviews a number of CPMs told us that they would welcome this as a way of supporting scaling up approaches.

Budget support: IFAD traditionally has seen its core function as working with poor rural communities, often in remote or disadvantaged regions. In recent years, however, budget support has become an approach much favored by both the donor community and many recipient countries as it represents an efficient and effective way for donors to support developing countries' own programs. While IFAD recognizes the potential of budget support operations for influencing the broader budgetary allocation mechanism—and hence a way to scale up the impact of its own limited financial resources—it is concerned that this will remove it too far from its main role of on-the-ground engagement with poor farmers. Hence, IFAD has generally not provided budget support.[31]

Grant mechanisms: IFAD has long had the capacity to make grants in addition to loans. Grants have been made for research and innovation, for capacity building and for investment projects (in countries that cannot afford to borrow from IFAD). Recipients have typically been governments, research institutions and NGOs. A recent revision of IFAD adapted the policy to include explicit reference to support for scaling up.[32] The use of the grants instrument for this purpose could be reinforced by setting up a special grant window that would provide grants specifically targeted for scaling up of successful innovations or interventions. The new policy also stresses links of grants to country programs. To the extent that COSOPs increasingly reflect scaling up pathways, it would be desirable to give CPMs the freedom to apply grants in support of moving along these pathways (through appropriate engagement with in-country partners, including communities, local authorities, research institutions, etc.). A competitive allocation mechanism is an especially good use of grants. Such mechanisms can ensure not only more effective selection of recipients but also wider impact by providing incentives for improved institutional learning and performance (Zinnes 2009).

Operational modalities—from area-based to national and regional approaches

IFAD's traditional mode of operation has been area-based, i.e., focused on specific areas in a country. Over time it might expand the project into different areas or different target groups or thematic areas of engagement as a way to scale up. The Peruvian program, which we described above, is an example of scaling up in all these dimensions. IFAD's area-based approach remains its predominant modality in larger countries due to the relatively small size of its projects.

In smaller countries, IFAD has been moving toward national approaches (e.g., Ghana, the Dominican Republic and Moldova). This allows a broader-gauged impact and engagement in the national policy and institutional debates. But it also creates potential tensions between IFAD's traditional corporate goal to focus on the rural poor and work with rural communities on the ground, and the need to engage in capital city-based program design and implementation, as well as policy analysis and dialogue.

Regional trans-border approaches are another way for IFAD to scale up its impact. So far, regional approaches have tended to involve projects that support regional knowledge dissemination, agenda setting and institution building, as was the case in two examples for Latin America (the Regional Family Farming Fund and the Rural Regional Dialogue Programme). An alternative is to engage in regional investment lending. This is more complicated for IFAD, since it has to work with governments and sovereign guarantees. Moreover, since rural development generally does not involve the provision of regional public goods or regional infrastructure, regional programs will generally not be necessary. However, it could be a relevant approach where there is significant potential for regional value chains involving producers with cross-border backward and forward linkages.

Partnerships with joint financing—cofinancing and SWAps

Since IFAD is a relatively small donor, scaling up will usually involve forming partnerships with other actors. Partnerships may be temporary and not involve any joint financing of projects and programs, as in cases where IFAD hands off an initiative to another national or international partner who is to take over the responsibility for sustaining and expanding the program piloted by IFAD. Even such partnerships require early attention and effective management to ensure a successful hand-off.

More structured are the traditional cofinancing approaches that bring together two or more donors in funding a particular project. Commonly these arrangements involve parallel funding of components of a single project, rather than joint funding of the overall project. In recent years, IFAD has expanded its use of such cofinancing mechanisms.[33] However, cofinancing tends to increase transactions costs and uncertainties, due to the different operational practices and varying commitments of the donor partners.[34] A recent joint evaluation of the IFAD-AfDB partnership arrangements confirmed this conclusion (African Development Bank and IFAD 2009). Also, while cofinancing allows a larger scale of funding for any given project, it does not necessarily mean that the project is itself designed and implemented as part of a scaling up pathway. In the absence of institutional mandates for scaling up, cofinanced projects are more likely to be stand-alone interventions that do not lead to greater scale impact beyond the project itself.

IFAD has also participated in sector-wide Approaches (SWAps) under which donors coordinate their activities and may also combine their funding in a common pool ("basket") in support of a government's sectoral expenditure program.[35] However, IFAD has serious concerns whether it can implement its particular program priorities (strict targeting, focus on the poorest and women, working through bottom up approaches) through SWAp arrangements.[36]

In this respect, the experiences in the Tanzania SWAp have been discouraging. Under the Tanzanian SWAp, approaches that IFAD developed in specific regions of the country were not maintained and were not adopted in other regions. IFAD is concerned that its approaches, which it nourishes often on a small scale, in particularly poor areas, and often with non-state implementation structures, tend to get squeezed out, if regional or national governments conduct the investment programming exercises by themselves and donors only exercise limited specific influences. Moreover, as many agricultural SWAps are multisectoral and involve several ministries or government agencies, IFAD's priorities, which are typically established together with the Ministry of Agriculture, do not necessarily prevail.

The concern by IFAD that SWAps are difficult to influence is warranted. But if IFAD-supported innovations are not readily adopted during SWAp preparation or implementation this should also be taken as a sign that these innovations have not been internalized and accepted by the borrower. Innovations that clearly have been adopted by the borrower, such as the Tanzania warehouse receipt program, were also sustained in the SWAp program. The lack of continuation of IFAD programs during SWAps are thus not only evidence of the fact that SWAps are not suited for IFAD supported programs, but could also be evidence of the fact that

IFAD supported programs have not, or at least not yet, been sufficiently accepted by the borrower.

Policy dialogue—a key ingredient for scaling up

Policy dialogue is a key instrument of IFAD's scaling up agenda for two main reasons: First, policy, regulatory and legal space has to be assured to allow the replication and scaling up of successful interventions. And, second, changes in national-level policies, regulations and laws are a critical means for achieving nation-wide impact in improving the lives of the rural poor. As mentioned earlier, IFAD is now moving from area-based to national-level interventions, especially in smaller countries. But this makes sense only if IFAD is also able to engage in policy dialogue at the national level.

According to the two most recent ARRIs, IFAD's readiness to engage in policy dialogue at the country level and its capacity to pull together the analytical underpinnings for it remain limited. Accordingly, few COSOPs explain how policy dialogue is to be carried out.[37] And the joint AfDB-IFAD evaluation found policy dialogue for both institutions to be "generally inadequate" (African Development Bank and IFAD, 2009). This is not surprising, considering the limited technical and analytical capacity that IFAD can muster for the preparation of its COSOPs and projects. Also, the continuing constraints on IFAD's field presence, especially of CPMs, act as a barrier. And the deeply-ingrained tradition of IFAD to focus on the communities and eschew, where possible, engagement in the capital cities, remains a factor limiting the priority that IFAD gives to policy dialogue.

One of the ways for IFAD to create the platform for such a dialogue is to build partnerships with national and regional knowledge centers, which can conduct much of the analytical work and participate in the policy dialogue to a very good effect, as the experience in Latin America has shown, including in Peru. IFAD management has also committed to strengthening its organizational capacity and partnership with the World Bank and the other U.N. agencies for improved policy dialogue.[38]

Knowledge management and scaling up

In September 2007, IFAD published its Knowledge Management Strategy. The strategy recognizes that "[i]nnovation learning and scaling up together form one of IFAD's six principles of engagement, which apply to all IFAD's country programmes: knowledge management is central to this agenda;"[39] and that "[k]nowledge-sharing processes are vehicles for replicating and scaling up innovative solutions and integrating solutions in policies and guidelines."[40] The strategy proposes a number of steps at all levels of the institution. However, there is little specific indication of how the process of knowledge management will support the development and implementation of scaling up pathways.

According to the ARRI 2009, knowledge management (KM) in IFAD has improved with the implementation of the strategy. Our interviews and observation confirm that KM is playing a significant role in IFAD, including in its operational divisions. Some regional divisions have KM advisers; pursue KM initiatives; establish electronic knowledge sharing platforms linked to projects (e.g., in China); and publish learning notes, technical notes, occasional papers and newsletters, all designed to draw out innovative ideas, best practice and lessons learned. COSOPs have sections that deal with KM; the annual portfolio reviews are substantial monitoring and learning exercises at the institutional level; and KM, especially as it relates to innovation, has been given considerable management attention.

From the perspective of this review implementation of the strategy still faces a number of challenges, which will need to be addressed, if IFAD's KM activities are to provide effective support to its scaling up agenda:

- the strategy and its implementation have yet to make a substantial difference to IFAD's weakness in country analytical capacity, which we noted earlier;
- it still has to address long-standing weaknesses in monitoring and evaluation of projects;
- it does not address the overload of CPMs, who are the lynchpin in the operational KM process, as potential providers, transmitters and recipients of knowledge, but who cannot play this role effectively simply for lack of time; and
- it has yet to incorporate a substantive link between KM and scaling up.

A particularly valuable contribution that IFAD's KM could make is to improve the knowledge base of what scaling up experiences IFAD has actually had and what lessons can be learned. Above, we reviewed some of the readily available evidence. But with the exception of the two country case studies prepared for this review, the currently available information tells us very little about key aspects of the scaling up path of successfully scaled up programs. A specific recommendation therefore is to carry out a more in-depth review of the IFAD's country and thematic programs in terms of what can be learned about scaling up pathways. Based on the cumulative learning, training of staff, consultants and borrower counterparts should be developed and provided as a way to share the knowledge effectively on a broad basis. Expanded and enhanced KM activities have resource implications, a topic to which we turn our attention next.

IFAD's human and financial resource allocation and incentives for scaling up

A key factor in determining any organization's effectiveness is how it allocates its human and financial resources and provides incentives for effective action. This also applies of course to an organization that wants to support the scaling up of its successful interventions. We did not delve deeply into the internal human resource and financial management policies and practices. This will have to be a separate effort for when IFAD decides to move forward with a concerted effort to turn itself into a scaling-up institution. Based mostly on interviews, this section considers the role and capacity of the operational staff, especially the CPMs, discusses selected aspects of financial resource allocation, and finally highlights the importance of institutional values in creating an effective scaling up culture.

Managing operational staff resources

IFAD's operational staff is organized in a single vice presidential unit, headed by the associate vice president and subdivided into five regional divisions and a technical and policy division. Virtually all of the operational work is carried out in the regional divisions and led by CPMs, many of whom have responsibility for more than one country. As previously noted, CPMs are responsible for all aspects of IFAD's country programs—from strategy formulation, project preparation, supervision and monitoring, to policy dialogue, stakeholder outreach, analytical work and knowledge management. They have very limited staff to support them in Rome and in those countries where IFAD has a local country presence. As of yet, few CPMs are located in country. Regional divisions have some technical capacity in the form of a regional economist, portfolio manager and/or knowledge manager. The technical and policy division is home to a limited number of technical experts in specific thematic areas, whose function is to provide technical guidance to the CPMs, design operational policies, manage the review processes of COSOPs, project preparation and portfolio implementation, allocate and monitor the use of grants and assist the associate vice president and divisional directors in the overall management of the operational department.

Two important functional and organizational changes have occurred since 2006 that have had a direct and positive impact on IFAD's capacity to scale up:

Direct Supervision: Until the mid-2000s, IFAD contracted out the supervision of its project. After some experimentation, it approved a new supervision policy in December 2006, which shifted IFAD's focus to predominantly direct supervision. While the 2007 supervision policy paper did not refer specifically to scaling up as a reason for the policy change, key elements needed for effective scaling up are supported by direct supervision.[41] Since the adoption of the new supervision policy, IFAD has systematically and effectively moved to direct supervision with new guidelines, staff training, and evaluation of progress. In Africa, for example, IFAD moved from less than 5 percent of projects subject to direct supervision to more than 90 percent.[42] Maintaining this approach, and ensuring that supervision explicitly focuses on scaling up, should remain a priority for IFAD.

Field Presence: In 2003, IFAD initiated an experimental program to establish increased field presence. This pilot was evaluated in 2007. Based on an overall positive experience, the decision was made to systematically increase IFAD's field presence. As a result there have been rapid increases in the number of IFAD country offices. In Africa, for example, the number of such offices increased from two in 2003 to 17 in 2008.[43] An evaluation report noted that while the pilot was not specifically designed to support innovation and scaling up, it did have clear positive impacts in this regard. IFAD can build this positive experience, especially as regards to the placement of more CPMs in country. While there are costs—financial and managerial—to doing so, country presence of the CPM will facilitate key aspects of scaling up, including policy dialogue, knowledge management, partnership development, and stakeholder engagement.

Despite these organizational and functional changes there remain a number of issues relevant for IFAD's ability to support scaling up of rural poverty interventions:

Role, capacity and incentives of the CPM: The CPM is the most important player for IFAD in its operational work on the ground. One of the key conclusions from our interviews is that CPMs face major challenges in delivering on the many competing tasks that they are charged with. "CPM overload" is a term frequently heard. Although CPM jobs are highly prized among IFAD staff for their independence, empowerment and scope for development impact on the ground, they risk being a bottleneck in IFAD's efforts to become an institution that effectively delivers on the scaling up agenda. Currently, the CPM's overarching incentive is to deliver a steady supply of projects for management and board approval—projects that meet many expectations, including and especially the innovation objective, which in recent years has been an overriding concern for IFAD. Other objectives, such as analytical work, knowledge management, policy dialogue, partnership development and scaling up have been at best secondary objectives. IFAD's increased field presence and with it, the employment of local country office staff, has helped lighten the CPMs' burden, but they remain overloaded by all accounts. Some regional divisions are experimenting with alternative approaches to strengthening the capacity of CPMs (including adding assistant CPMs and country officers). Finding ways to free up more of CPMs' time and providing them with incentives to focus on key strategic issues, especially the pursuit of a suitable scaling up pathway in their countries, will be a key managerial challenge for IFAD.

Engagement of technical staff: Based on our interviews, IFAD managers are concerned about a number of issues with regard to its technical staffing. These issues tend to limit the institutional focus on development effectiveness, on learning and knowledge sharing, and ultimately on scaling up:

- many of IFAD's technical staff are on 1-3 year contracts, often hired under special programs with coterminous contracts;
- much of the technical project preparation and supervision work is farmed out to outside contractors; a high fraction of IFAD's manpower budget is devoted to consultants;
- IFAD's in-country project coordinators are frequently hired by IFAD's partners; and
- there is little staff rotation across regional divisions.

There are benefits from maintaining the status quo, but these need to be weighed against the need to create a staff capacity within IFAD to ensure increased attention to the corporate goal of scaling up, which requires that IFAD's staff have a longer-term perspective and see value in investing in knowledge sharing, partnership building and scaling up.

Staff development and training: Rewarding, counseling and training staff for meeting the scaling up challenge is a critical component of influencing staff behavior. During annual performance reviews, managers need to focus on the readiness and ability of staff to create and pursue scaling up opportunities strategically in country programs. Senior staff, both managerial and technical, should counsel their colleagues on an ongoing basis on how to do this. Training and learning programs, based on solid analytical evidence, need to be developed to help staff and managers develop the capacity to deliver on the scaling up mandate.

Financial resource allocation

The rules and practices for the allocation of IFAD's financial resources can have important impacts on the way the institution's scaling up agenda is realized. Two types of financial resources are relevant: first, IFAD's loan resources and second, IFAD's administrative budget resources. We already explored the use of grants for scaling up in the preceding section.

Allocating IFAD's loan funds: IFAD allocates its loan funds across countries according to a formula under a process known as "Performance-based Allocation System" (PBAS). The formula includes weighted factors for (a) size of rural population, (b) gross national income per capita, and (c) country performance (combining three indexes: IFAD projects at risk, rural sector performance and IDA resource allocation index). One option for providing borrowing countries and IFAD's managers a signal that scaling up matters, is to include an indicator in the PBAS that reflects IFAD's track record in the country in supporting the scaling up of successful programs. The justification for doing so would be that the impact of IFAD's engagement per dollar lent is clearly greater in countries where it implements a successful scaling up strategy. However, adding another such factor would have only a small impact on country allocations due to the heavy weight reflecting the size of the rural poor population. Hence, a better option might be to explore the use of IFAD's grant facility to allocate funding in support of scaling initiatives.

Allocating IFAD's administrative budget: We did not investigate the details of IFAD's administrative budget processes. From our interviews with budget and operational managers it appears that scaling up is not currently a factor reflected in the budget allocation decisions. Budget allocations are powerful signals of institutional priorities. Therefore, it would be appropriate to explore how country performance in scaling up can be incorporated in the annual allocations by region and country.

Managing loan numbers and size: IFAD faces tension between restraining the growth of its administrative costs and putting more budgetary resources into its operational work as it aims to scale up. One way to resolve this tension is to keep the number of loans down while increasing loan size, as overall loanable resources increase with, hopefully, rising replenishments for IFAD. Since administrative costs are usually measured in relation to total loan commitments, budget allocations per project can increase as loan amounts increase without raising the share of administrative costs. Larger loan amounts per project will also help IFAD in pursuing its scaling up agenda.[44]

Changing IFAD's core values to include scaling up

Hartmann and Linn (2007) concluded from their review that scaling up is ultimately about the values and mindsets of the people engaged in development and development assistance. IFAD has a concise and cogent statement of its core values. It explicitly refers to "innovation."[45] As such, the statement reflects IFAD's success in recent years in turning the mindset of IFAD's staff to seriously focus on innovation. A small but useful step would be to include an explicit reference to the goal of scaling up in IFAD's core value statement. More importantly, IFAD's board and managers would need to sign on to a fundamental shift in mindset and orientation and share this with all of IFAD's staff—and ultimately all of IFAD's partners on the ground—so that for every rural poverty intervention that IFAD supports two questions are asked as standard practice: "Is this intervention scaling up our prior experience and/or that of others?" and "If this intervention works, should it and how could it be scaled up?"

Conclusions

The main findings and recommendations for IFAD's operational instruments:

- IFAD has the necessary operational instruments to support scaling up, but they need to be adapted and more systematically devoted to this agenda. Revival of the Flexible Lending Mechanism and setting up a special grants window in support of scaling up initiatives are options to be further explored.
- Cofinancing is a mechanism specifically designed to encourage larger scale programs than would be possible with IFAD's own resources, but it needs to support scaling up pathways, not merely individual projects.
- IFAD needs to strengthen its capacity for policy dialogue and working with partners who have such capacity.

The main findings and recommendations for knowledge management (KM):

- KM is a key to effective scaling up; its role in operational work needs to be strengthened, especially in support of analytical work, policy dialogue and further development of IFAD's currently limited knowledge networks.

- IFAD should initiate a systematic review of its country and thematic experiences to develop insights and lessons on how to design and implement scaling up pathways.

- Based on KM experience, IFAD needs to develop the capacity to train of staff and counterparts on incorporating scaling up into program design and implementation.

The main findings and recommendations for human resource management:

- IFAD's move to direct supervision and enhanced field presence are important changes that will also support its scaling up agenda. Further improvements in country presence and especially the outplacement of CPMs will strengthen the potential for scaling up.

- Staff and managerial incentives support a strong focus on innovation; this needs to be balanced with a stronger focus on scaling up (including for short-term staff and consultants).

- CPMs are stretched very thin and have limited resources for focusing on scaling up. Strengthening their capacity and placing them in country are high priorities.

The main findings and recommendations for financial resource management:

- Financial resource allocation to country programs that effectively scale up will enhance the capacity and incentives for scaling up.

- The administrative budgets supporting country programs should be structured similarly.

- IFAD should explore an increase in the average size of its projects for enhanced efficiency and effectiveness in scaling up, particularly for given administrative resources.

The main findings and recommendations for changing IFAD's core values:

- IFAD should revisit its core value statement to reflect its institutional focus on scaling up.

CONCLUSIONS

IFAD has a clear mission: to help the rural poor escape poverty by supporting innovative and scaled up interventions. So far, IFAD has paid more attention to the innovation agenda, and less to scaling up.

As IFAD embarks on a scaling up journey in its quest to make a significant contribution to meeting the U.N. Millennium Development Goals through the reduction of rural poverty, the following core messages of this report may provide some helpful benchmarks:

- Scaling up is a critical element of IFAD's mission, in light of independent evaluations of its interventions, and its future role and focus as an IFI and a U.N. agency.
- IFAD knows how to scale up and has done so successfully many times. IFAD staff and managers have been endeavoring to internalize key concepts and issues in scaling up, in step with the progress made in the present review.
- But scaling up deserves greater and more explicit attention in IFAD's operational work than it has received to date**.** A more systematic and proactive approach is needed to turn IFAD into a scaling up institution.
- Turning IFAD into a scaling up institution requires a comprehensive approach to formulate an institutional strategy focused on scaling up; and significant changes are needed in its operational processes and institutional practices, including its operational instruments, knowledge management, and human and financial resource management.
- Institutional change is difficult, but it is possible. In recent years, IFAD has successfully introduced many other significant institutional changes. The new IFAD strategic framework under formulation will guide IFAD's corporate engagement and related operational policies in the coming years. It is also a unique opportunity to correct the previously noted imbalances in the innovation, knowledge management and scaling up triad.
- In managing this institutional change, there are risks to be avoided:
    - creating a new "mantra;"
    - forgetting that scaling up is a means to an end, not the end itself;
    - creating excessively burdensome processes; and
    - spreading IFAD's human resources too thin.
- In designing and implementing IFAD's scaling up agenda it is therefore essential to keep messages focused and the processes simple.
- The key is to pursue the ongoing change in the mindset of IFAD staff, managers and the executive board as they define success, taking into account long-standing concerns about sustainability: Success is not merely the satisfactory, but limited impact of an individual project; success is the implementation of a scaling up pathway that over time substantially reduces rural poverty.

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ENDNOTES

1. For relevant background on trends in development assistance see Kharas (2007), IDA (2010b).
2. See Hartmann and Linn (2007) for examples from different sectors, and Spielman and Pandya-Lorch (2009) for agricultural and rural development.
3. The situation is made worse by the fact that official aid projects have declined in size as their number has rapidly grown in recent years. The median size of projects is now below $100,000 (Linn 2010).
4. 1983 was the year of Grameen Bank's formal establishment. For background on the early years of Grameen Bank and documentation of IFAD's engagement see Hossain (1988). The numbers cited in the text at taken from Table 42 on p. 71.
5. See Elhaut (2004), Massler (2004).
6. The innovation and scaling up evaluation overlapped substantially in time with the institutional scaling up review. While the former focused principally on innovation, the latter focused principally on scaling up. However, the scaling up review benefitted significantly from the assessment of the evaluation results and the staff survey carried out by the Office of Evaluation; and Johannes Linn served as Senior Adviser to the evaluation. The exercises were therefore highly complementary and to mutual benefit.
7. See Schaffer and Ashkenas (2005).
8. Barbara Massler carried out the Peru case study.
9. Evaluations of individual projects show largely successful project completions. The overall evaluation of the country program by IFAD's Independent External Evaluation in 2005 commented favorably on the scaling up experience of the Peru country program (IFAD Office of Evaluation 2005a). A report for the 2004 Shanghai Conference on Scaling Up also reported on IFAD's positive experience with scaling up in Peru (Massler 2004).
10. The shifting definitions respond to emphasis in approaches. "Campesino" has a different connotation in Peru and Latin America than small-scale farmers as it refers to a livelihood strategy that is more encompassing than the pure agricultural activity of a small farmer. The use of a citizen categorization takes into account that target groups are not simple beneficiaries but are individuals and families with right and obligations.
11. Arntraud Hartmann carried out the Moldova case study.
12. IFAD Office of Evaluation (2009a).
13. Ibid., paras. 64, 66.
14. IFAD Office of Evaluation (2009b), p. 18.
15. Corrective measures initiated in response to the CPE include the recent opening of a country office in Nigeria and some references to scaling up in the 2010-2014 Nigeria COSOP.
16. IFAD Office of Evaluation (2009c), p. xvi.
17. Ibid., p. xvii-xviii.
18. These examples are cited in the previously mentioned internal NREM review by IFAD.
19. President Kanayo Nwanze addressed this issue in speeches at Chatham House, London, on 2 November 2009; at the UNIDO general conference on 7 December 2009; and at the High-level Conference on Development of Agri-business and Agro-industries in Africa, in Abuja, Nigeria, 10 March 2010 (see http://www.ifad.org/events/op/index.htm). Assistant President Kevin Cleaver raised the issue of value chains in his presentation to IFAD's Executive Board on 14-15 September in Rome. And IFAD made a presentation at the WTO Workshop on Aide for Trade and Agriculture Supporting Smallholder Integration into Agricultural Markets: Lessons from IFAD's Experience, on 17 March, 2010.
20. http:/www.ifad.org/events/op/2010/unido.htm

21. Cheikh Sourang summarized IFAD's experience of the 1980s and 1990s in his keynote address at the "Validation Forum on the Global Cassava Development Strategy (GCDS)" held in Rome on 26-28 April 2000, under the heading of "Scaling up the implementation of GCDS" (see FAO/IFAD (2001). p. 50). Based on the experience of the 1980s and 1990s, the Global Cassava Development Strategy was developed by a multi-stakeholder alliance in 2000 (including IFAD, FAO, CIAT, IITA, CIRAD and NRI) with a view to laying ground to further scale up the development of the cassava value chain. Unfortunately, it appears that the strategy has since not been systematically implemented.
22. IFAD Independent Office of Evaluation (2010).
23. Ibid., Executive Summary, p. 26.
24. Ibid., Executive Summary, para. 125.
25. Most COSOPs cover a seven-year period. Not all countries do need to prepare COSOPs. For countries with minimal PBAS allocations or countries with a small country programme no COSOP needs to be prepared. This applies to about 30 percent of IFAD projects that are thus exempted from COSOP requirements.
26. Scaling up concerns have been consistently raised during COSOP reviews by IFAD management through the Operational Strategy Committee (OSC) during 2009/2010. This is noted in the relevant OSC issues papers and OSC minutes, and reflected to some extent in the revised COSOP versions submitted for board review. It will be important, however, to assess in due course the related follow up in the context of country program implementation, as reflected in future COSOP annual reviews, portfolio reviews and midterm review reports.
27. This point is also made in the report on the evaluation of IFAD innovation strategy (IFAD Independent Office of Evaluation 2010).
28. See Ashkenaz (2010).
29. Topping up is used especially toward the end of a replenishment phase when IFAD has to use its resources on a use or lose basis.
30. The FLM policy document describes the instrument as follows: "The main elements of the FLM include longer loan periods (10-12 years as opposed to the typical five-to-six-year loans); a clear articulation of long-term development objectives; an iterative, phased design process over the extended period of the loan to allow for greater flexibility in resource allocation and planning; a detailed design process for the initial cycle of project activities, with a set of clearly-defined pre-conditions, or "triggers," for proceeding on to subsequent cycles; and an enhanced role for monitoring and evaluation (M&E) to ensure that the projects remain on-track in pursuit of their immediate and long-term objectives. Approval of the initial loan envelope, project objectives and technical approach will rest with the executive board, while the decision whether or not to proceed to subsequent cycles will be taken by IFAD management" (IFAD, 1998, p. 1).
31. Donors provide sectorally targeted budget support often in connection with "sector wide approaches" (SWAps); however, SWAps can also be designed to incorporate donors who do not provide budget support, which allows IFAD to participate in SWAps where appropriate (also see next section).
32. IFAD, "IFAD Revised Policy for Grant Financing," PowerPoint Slides for Informal Executive Board Seminar, September 10, 2009.
33. See for example, IFAD, "Report on IFAD's Development Effectiveness," EB 2009/98/R.10/Rev.1, December 15, 2009; IFAD, "Portfolio Performance Report, Western and Central Africa Division," July 2007-June 2008.

34. IFAD, ARRI 2009; IFAD, ARRI 2008; IFAD, "Portfolio Performance Report, Western and Central Africa Division," July 2007-June 2008. The fact that IFAD is willing to adopt the fiduciary processes and standards of its cofinanciers is a significant positive factor.

35. IFAD has participated in four SWAps: Tanzania, Mozambique, Uganda and Rwanda. IFAD intended to participate in a SWAp in Nicaragua, but it did not materialize. IFAD expects future additional agricultural SWAps in Kenya and possibly Malawi and Zambia.

36. IFAD, Portfolio Performance Mid-Year Review, Eastern and Southern Africa Division, para. 201, July 2009.

37. IFAD, ARRI 2009; IFAD, ARRI 2008.

38. IFAD, ARRI 2009, p. 71.

39. IFAD, "Knowledge Management Strategy", September 2007, p. 17/8.

40. Ibid., p. 27.

41. IFAD, "Supervision and Implementation Support Policy," Rome, September 2007, p.6.

42. AfDB-IFAD, "Towards Purposeful Partnerships in African Agriculture: A Joint Evaluation of the Agriculture and Rural Development Policies and Operations in Africa of the African Development Bank and the International Fund for Agricultural Development." December 1, 2009, p. 80.

43. Ibid, p. 80.

44. One staff member of a regional division commented that larger loan and project size may require different management methods compared with those used for IFAD's traditionally relatively small loans. This will have to be monitored.

45. IFAD, "IFAD's core values," http://www.ifad.org/governance/values/index.htm

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