

Scaling Up in Agriculture and Rural Development -context, lessons and opportunities



A presentation by C.M. Sourang (IFAD)
on occasion of
(CARD Workshop Nairobi 4-6 Feb. 2014)



Purpose of presentation

Set the stage for:

- An common understanding of Scaling Up context, concepts, issues and experiences –including generic lessons on scaling up value chains
- An informed conversation on the approaches to scaling up rice value chains, to be presented by relevant country (NRDS) teams
- Identification of gaps and disconnect for follow up at country and agency levels
- Identification of next steps in the implementation of IFAD grant to AGRA/CARD on support to scaling up rice value chains

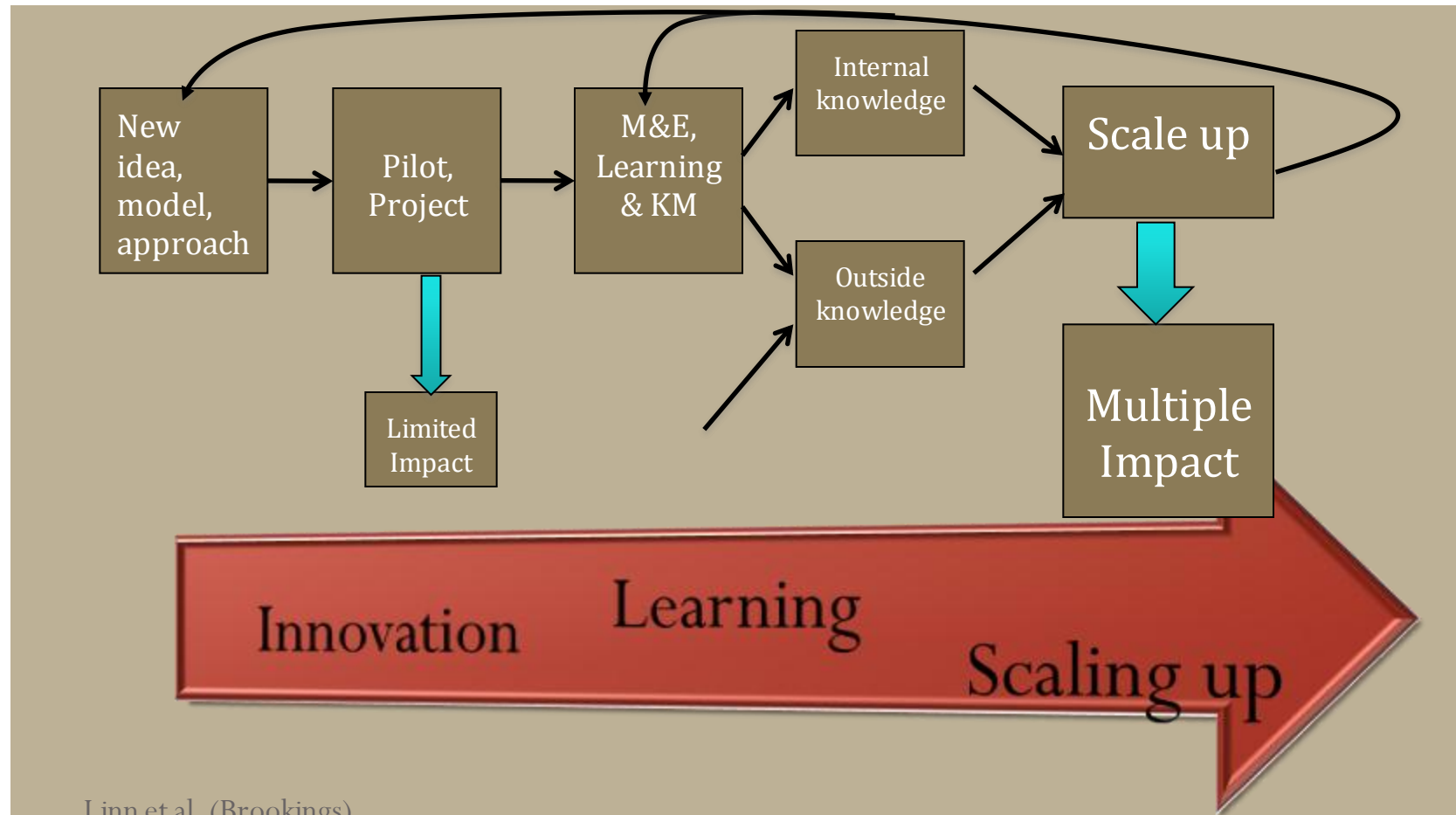
Contextual Challenges

– *why worry about scaling up?*

- Development Assistance
 - *Fragmented aid architecture*
 - *High transaction costs*
 - *Coordination challenges*
 - *Innovation, learning, scaling up*- many gaps and disconnects
- Country led processes
 - Internal vs. external accountabilities
 - National vs. sector frameworks
 - Coordination and tracking results
- ARD specificity
 - Expanding global demand - food, fuels, fibres
 - Persistent rural poverty – need access to assets, services, participation
 - Climate change – threats to rural livelihoods
 - Projectised interventions – too scattered to add up for impact at scale
 - Need to strengthen linkages between top down and bottom up approaches (e.g. regional partnership frameworks and local initiatives)
- **➔ *Need more systematic and proactive approaches, in order to reap the benefits of scale through learning, replication and partnerships***

Innovation, Learning and Scaling Up Cycle

(Graph)



Scaling Up Pathway: Which Drivers and Spaces?

Spaces

Fiscal and Financial

Institutional

Policies

Laws/Regulations

Environment

Partnership

Knowledge

Innovation

**Scaled Up
Program**

Drivers (champions, incentives, market or community demand)

Scaling up Pathways

1. In-fill or saturation: *e.g. more support services delivery to more (?) people in a given area*
2. Horizontal pathway: *replication / adaptation from one geographic area to another –e.g. irrigation schemes*
3. Functional expansion: *additional areas of engagement -e.g. from production to processing / marketing; from savings to credit*
4. Vertical pathways: *policies, regulations, institutions for impact at scale*

IFAD's Framing Questions: put theory into Action

KENYA WRITE-SHOP ON SCALING UP FRAMEWORKS

Nairobi, 19-21 February 2013

Framing Questions



IDEAS

1. What is the intervention that is to be scaled up? Is it a new idea (innovation) or an idea adopted and adapted from prior practice elsewhere?
2. Whose idea is it?
3. Has it been tested/piloted/evaluated?



VISION

4. What is the appropriate ultimate scale of the intervention which the IFAD project or program supports in country X? I.e., how many people, households, districts, etc. could and should ultimately be reached, not merely by IFAD's own program and also by others (government, IFIs, etc.)?



DRIVERS

5. What or who are the drivers that are pushing, or are expected to push, the scaling up process ahead? Including local leaders or champions, external catalysts and incentives? (see Box 1).



SPACES

6. Space has to exist or be created so the intervention can grow to achieve the desired scale. What are the government and IFAD doing to ascertain or help create this space in its multiple dimensions? (see Box 2)



PATHWAYS

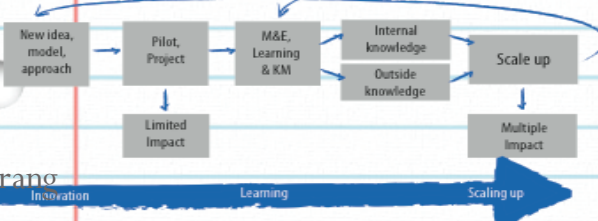
7. What are the pathways that define the way interventions in country X are (to be) scaled up with IFAD support, moving from idea/innovation to learning to scaling up? (see Box 3)
8. What is the time horizon over which the pathways are expected to extend?
9. How do the drivers and spaces define these pathways?
10. What are the most serious likely obstacles and risks, and what can be done to mitigate them?



IFAD's Role

11. What is IFAD's specific role in promoting the scaling up process?
12. How do IFAD's policies, procedures and resources support the implementation of the scaling up process?

BOX3 Innovation, learning and scaling up linkages



BOX1 Drivers of scaling up

A few key factors drive forward the process of scaling up: Ideas, Vision, Leadership: Need to recognize that scaling up of a (new) idea is necessary, desirable, feasible. Successful scaling up is usually driven by champions. External Catalysts: Political or economic crisis, pressure from outside actors (donors, EU, etc.) Incentives: These include rewards for actors and institutions, competitions, accountability through the political process, peer and other evaluations, etc. Incentives are key to drive behavior of actors and institutions towards scaling-up: requires accountability. Source: Adapted from Hartmann and Linn, 2008

BOX2 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 be harnessed through monitoring and evaluation, knowledge sharing and training. Source: Adapted from Hartmann and Linn, 2008

Scaling up results: Influencing others

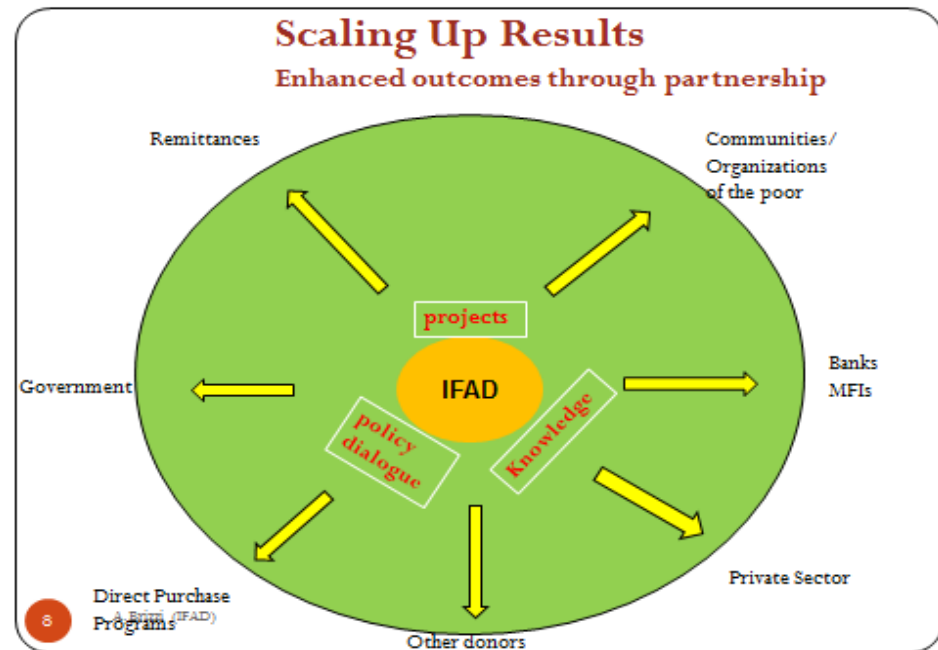


- Scaling up from the beneficiaries perspective
- Build **their** capacity to leverage additional resources
- Help build institutions OF the poor, organization, trust, scale, collective action, creditworthiness.
- What can be mobilized by them is far greater than what we can provide ourselves
- Enhance organized BOP ability to access private sector
- IFAD Projects as levers to mobilize additional resources for the communities by the communities

- Private Sector (agribusiness)
- Banks/MFIs/Insurance
- Communities themselves
- Remittances



A. Brizzi (IFAD)



IFAD systematic approach to scaling up

Pilot phases (2009/12): *stocktaking, learning and partnership building*

- institutional reviews (policies, strategies, procedures) with a scaling up lens
- country and thematic case studies – learning events
- staff guidance stools – training sessions

Mainstreaming Phase (Since 2013):

- Objective: *Scaling up mind-set internalised into IFAD business model* for enhanced institutional efficiency and development impact
- Three levels of interventions:
 - At country level : develop *scaling up frameworks and scalability assessments* as a collaborative exercise linked to IFAD country programmes
 - At corporate level: financing and programmatic instruments; country and thematic knowledge products and learning events; customised guidance tools (land, VC, institutions, gender, targeting); staff training
 - At regional/international levels: expanding the *community of practice and learning alliance for scaling up in ARD.*

Community of Practice for Scaling Up

- Many-fold challenges in a scaling up agenda including:
 - how to sustain the impact of successful projects already operating at scale?
 - how to move from successful pilots to sustainable operations at scale? and
 - how to reflect a scaling up mind-set in the design of adaptive or innovative interventions as required by changing contexts.
- Addressing these challenges would involve:
 - a common understanding of what works, what does not, why
 - a common vision of targets and scale objectives
 - a common understanding of drivers, and constraints to be removed and related incentives
 - coordinated pathways for scaling up in the context of country led processes.

Joint learning agenda

- ❑ CoP launched in Wash. DC (March 2013) during WB/SDN

- ❑ Regional roll out (Addis regional learning event-June 2013):
 - Concepts, issues, and experiences
 - Themes: value chains, climate change, rural finance, land tenure

- ❑ Scaling up write-shops (IFAD teams and partners)
 - 2013: Kenya, China, Ethiopia, Madag., Tanzania, Philipp., Nepal
 - 2014: Senegal, Nigeria, Mexico (and others)

- ❑ Multi-stakeholder learning events and publications (2014)

Discussion Points for Nairobi Workshop

- ❑ Feed back on context and institutional approaches
 - where we started
 - where we are
 - what comes next

- ❑ Opportunities for collaboration with CARD
 - Country teams: linkages scaling up pathways with relevant country led processes
 - CARD Secretariat: support to joint learning, outreach

- ❑ Next steps:
 - finalise scalability assessments in light of Nairobi deliberations
 - Agree with CARD SEC on scope and context of adjustments to IFAD grant to support the above processes.

ATTACHMENTS

Scaling up value chains

–lessons from IFAD experience

Is Small Still Beautiful?

- Studies have shown a strong inverse relationship between farm size and land productivity, with smaller farms generating higher per-unit farm output than larger farms (for a summary, see Heltberg 1998).
 - Multiple studies, however, have argued that larger commercial farms have an advantage in terms of finance, technology, and logistics and that the inverse relationship disappears above a certain farm size or after factors such as land quality are taken into account—but even these studies have been challenged (Helfand and Levine 2004; Barrett, Bellemare, and Hou 2010).
- ➔ Whereas small farms have an advantage over large farms in terms of labor supervision and local knowledge, larger farms gain the advantage as an economy shifts toward technologically advanced, capital-intensive, and market-oriented agriculture.

(Source: IFPRI presentation 2013(K. Chen))

Typology of Smallholder Farms and Appropriate Strategies and Interventions

		Characteristics	Strategies and interventions by country's stage of transformation		
			Agriculture-based countries	Transforming countries	Transformed countries
Subsistence farms	<i>With profit potential</i>	Soft constraints on land size and agricultural production: <ul style="list-style-type: none"> Limited access to markets and information Limited financial capital Limited access to infrastructure Limited access to smallholder-friendly technologies 	<ul style="list-style-type: none"> Productive social safety nets Investment in infrastructure, agricultural research, extension, and smallholder-friendly and climate-smart technologies Access to innovative financial services 	<ul style="list-style-type: none"> Flexible arrangements for land transfer Risk-reduction and management tools Access to market information (such as through information and communication technologies) Pro-smallholder, nutrition-sensitive value chains Social safety nets and improved access to housing, education, and health services for rural migrants Vertical and horizontal coordination to meet safety, quality, and quantity standards Larger role for farmers' organizations, particularly for women farmers 	<ul style="list-style-type: none"> High-value production Reduced trade restrictions and subsidies Flexible arrangements for land transfer Improved mechanization services More efficient and higher-quality production systems Vertical and horizontal coordination to meet safety, quality, and quantity standards
	<i>Without profit potential</i>	Soft constraints <i>plus</i> hard constraints on land size and agricultural production: <ul style="list-style-type: none"> High population density Low-quality soil Low rainfall and high temperatures Remote location 	<ul style="list-style-type: none"> Social safety nets Nutrition-focused crop production for own consumption Education and training for nonfarm employment Migration to urban centers and other agricultural areas with greater profit potential 	<ul style="list-style-type: none"> Social safety nets Improved access to housing, education, and health services for rural migrants Education and training for nonfarm employment Flexible arrangements for land transfer 	
Commercial smallholder farms		<ul style="list-style-type: none"> Soft constraints Limited access to capital, insurance, and other risk-reduction tools 	<ul style="list-style-type: none"> Vertical and horizontal market coordination to meet safety, quality, and quantity standards Smallholder-focused, climate-smart, and nutrition-enhancing technologies Investment in infrastructure, agricultural research and development, and extension 	<ul style="list-style-type: none"> High-value and nutrition-sensitive food chains Flexible arrangements for land transfer Improved mechanization services Links to urban and global markets Vertical and horizontal market coordination Larger role for farmers' organizations, particularly for women farmers 	<ul style="list-style-type: none"> High-value crops Flexible arrangements for land transfer Improved mechanization services Clear regulatory frameworks and intellectual property rights to link private sector with smallholders

Source: Fan et al (2013)

IFAD support to Inclusive Agribusiness Partnerships

Software/hardware entry points to PPPs development:

- Dialogue on **policy environment**
- Support to **producers capacity** to organise and manage
- Investments in **public goods**: AR4D, extension, infrastructure (roads, irrigation, market)

Commodity-based examples of PPP development

- edible oil sector (Uganda)
- tea (Rwanda)
- sugar (Swaziland)
- coffee and cocoa (Sao Tome, Indonesia)
- vegetables (Guatemala)
- various commodities (Sri Lanka)
- Cassava (West Africa)

Inclusive Market Development with Value Chains

The Pyramid :

- Commercial farmers: 10%
- Small Investor Farmers: 5-10%
- Asset Limited Small Farmers:40%
- Subsistence Farmers:40-50%

The Challenge of inclusive market development:

- to help the poorest farmers graduate e.g. from subsistence status to asset-limited status
- to get the asset-limited farmers linked to effective value chains

Lessons in Scaling up value chains

Opportunities and Challenges for IFAD were reviewed (Brookings 2011-2012) taking into account:

- A noticeable shift in IFAD loans and grants portfolio and pipeline towards VC development
- A learning agenda (on VC development) of potential relevance to other lines of business which IFAD supports.

Main lessons for IFAD are summarised as follows.

Lessons from experience with Value chains (1/2)

- 1. *IFAD needs to address the tension between its poverty-targeting objective and its scaling-up objective*
- 2. *When targeting the poor, especially poor women, IFAD needs to measure not only the impact of value chain growth on access, but also on the benefits obtained by the target population*
- 3. *IFAD needs to assess and, where necessary, help mitigate the risks poor farmers face as they enter commercial farming and access a value chain.*
- 4. *IFAD needs to consider the scalability and sustainability of value chain interventions against the available fiscal and financial resources.*

Lessons from experience with VCs (2/2)

- 5. **Focus** support for value chain development and scaling up on those interventions where there is a **comparative advantage** as a small, specialized international donor agency
- 6. **Build strong partnerships**, not only with governments, but also with private and other donor counterparts
- 7. **Assure effective learning and adaptation of the scaling-up pathways**
- 8. **Undertake in-depth evaluations** of value chain experience and similar evaluations of other principal lines of business

Thank You