Investing in rural people

Programme Management Department

IFAD's operational framework for scaling up results

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December 2015

Contents

Acronyms

CPM	Country Programme Manager
CPMT	Country Programme Management Team
CRR	COSOP Results Review
CSN	Country Strategy Note
4Ps	public-private-producer partnerships
LIC	low-income country
M&E	monitoring and evaluation
MIC	middle-income country
NERCORMP	North Eastern Region Community Resource Management Project for Upland Areas
ODA	official development assistance
PBAS	Performance-based allocation system
RB-COSOP	results-based country strategic opportunities programme

IFAD's approach to scaling up results

Introduction

1. Given the large-scale problem of reducing rural poverty that it is mandated to address and the limited resources available from official development assistance (ODA), IFAD needs to increase the impact of every dollar it invests in agriculture and rural development. For this reason, scaling up the results of successful development initiatives is an overarching priority that directly supports the achievement of IFAD's mandate.

2. To deliver on this priority, IFAD's operational practices will continue to shift from a project-centric approach to one that spurs change in the institutional, policy and economic environment in which rural poverty exists. That is, the objective of IFAD interventions should not only be to enable rural people to work their way out of poverty in the limited time and space of a given project, but also to use the positive results generated by its operations to inspire others and leverage policies, knowledge, social and political capital, and financial resources from other endogenous actors (private, public, and the communities themselves) to bring those results to a larger scale in a sustainable manner (see box 1).

> **Box 1. What is meant by scaling up results?**
>
> The definition adopted by IFAD for scaling up is: "*expanding, adapting and supporting successful policies, programmes and knowledge, so that they can leverage resources and partners to deliver larger results for a greater number of rural poor in a sustainable way*".
>
> Scaling up results does not mean transforming small IFAD projects into larger projects. Instead, IFAD interventions will focus on how successful local initiatives can sustainably leverage policy changes, additional resources and learning to bring the results to scale.

3. IFAD's scaling-up efforts have been in progress for some years and have been successful in several instances. This operational framework[1] is intended to provide more structured and consistent guidance to IFAD country teams on how to systematically mainstream scaling up into operations. It provides staff with a broad overview on how to think through scaling up in particular contexts. Because innovation is a core constituent of scaling up, the framework is aimed at guiding and stimulating operational approaches rather than being overly prescriptive. It is designed to complement, not replace, IFAD's operational policies. It can also provide IFAD's partners with information on how, together, they might increase development impacts.

Scaling up in IFAD operations

4. In operationalizing the scaling-up agenda, IFAD uses the conceptual framework elaborated by the Brookings Institution, complemented by elements of similar approaches designed by others.[2] It first looks at lessons learned from past interventions and answers the question – what works and what is to be scaled up? – and then defines the pathways and the drivers that will allow results to be brought to scale in the future through the financial, policy and knowledge services that IFAD provides, beyond project boundaries.

[1] This operational framework benefits from contributions by Alastair McKechnie of the Overseas Development Institute (ODI). It draws on earlier work by Linn et al. (2010) and several IFAD reports, especially IFAD (2014a). The framework incorporates peer review comments from Johannes Linn (Brookings Institution) and Marcus Manuel (ODI).
[2] For application of the Brookings model to IFAD, see Linn et al. (2010). Complementary approaches include the Management Systems International management framework (Cooley and Linn, 2014), some of the principles of the theory of change (see, for example, Stein and Valters, 2012, and Vogel, 2012) and problem-driven iterative adaptation literature (Andrews, Pritchett and Woolcock, 2012).

Box 2. Community-driven scaling up in north-eastern India

In 2000, IFAD funded the North Eastern Region Community Resource Management Project for Upland Areas (NERCORMP), one of the first major externally-aided projects to demonstrate the effectiveness of community-driven approaches in promoting community-led planning and management of development activities and the "how to" of inclusive and sustainable development.

The project promoted capacity-building of local natural resource management groups in each village, self-help groups and NGO service providers. It assisted communities in establishing bank linkages and accessing convergence funding from other government programmes, and facilitated business development and market access. A cluster-based approach resulted in economies of scale in produce marketing. Indigenous technologies and improved agricultural production technologies were introduced.

A critical dimension in the scaling-up process has been the role of empowered and federated community institutions that reach enough scale to be able to access bank loans and services from the government, as well as to crowd in private-sector investments for enhanced sustainability.

Following the initial successful phase of NERCORMP (2000-2008), a second phase was launched in 2010 with new financing from IFAD and the Government of India to reach some 20,800 additional households. Further geographic expansion was secured in 2011 with a US$120 million World Bank project, which expanded NERCORMP interventions to four new states (Mizoram, Nagaland, Sikkim and Tripura). In 2014, two new states (Arunachal Pradesh and Manipur) were included through a Government of India programme. Benefits were thus extended to some 360,000 additional households.

NERCORMP's scaling-up pathways are a good example of geographic and functional expansion of innovative public, donor and private sector partnerships, and of communities themselves leveraging additional resources.

A critical aspect of IFAD's approach is building the capacity of local stakeholders – notably organizations of poor rural women and men – to go to scale, enabling them to crowd in additional partners and resources, and to engage in policy dialogue themselves. Here, IFAD's role is largely about its ability to scout for promising innovations and initiatives, identify within its target group institutions that can drive change around such innovations, strengthen their capacity and then help *them* go to scale (see box 2).

5. This approach also requires IFAD to integrate its non-project activities – **policy engagement, knowledge management and partnerships** — into its investment project investments as a means of leveraging the Fund's convening power and its ability to mobilize public and private development finance. It requires IFAD to focus less on scaling up project activities and more on scaling up development results at the country level. In this way, projects become vehicles for innovating, learning and triggering lasting systemic changes.

6. From the outset and throughout the project cycle, IFAD operations will explore potential scaling-up pathways that could ensure that a successful

Box 3. Sustainability and scaling up

The principles of scaling up and sustainability are closely linked and feed into each other. A clear assessment is needed of the key spaces and the institutional actors that will give a local initiative continuity in the absence of donor funding.

IFAD's approach to scaling up will centre on the notion that country programmes will use their leveraging capacity to ensure that impact continues beyond project life, and will seek to ensure that the needed policy framework and the financial/fiscal resources are in place to bring results to a larger scale in a sustainable manner.

project is not a one-time intervention, but rather a stepping stone (not necessarily the first) towards a wider and sustainable impact on poverty (see box 3). Some interventions may be successful in terms of demonstrating results, but may prove unsustainable if donors' funds cannot be matched by the required financial or fiscal space to sustain activities once the project ends.

How does scaling up take place?

7. Scaling up results is part of a broader dynamic process that involves innovation, learning and programming, leveraging and scaling up (figure 1). Typically, a new idea is tested through a pilot project, which then undergoes a full evaluation. The knowledge acquired through this experience provides the basis for a scaling up model for adapting, expanding and replicating using IFAD's operational instruments (projects, policy and knowledge). The underlying rationale is that evidence-based results will serve as an incentive in **leveraging** additional resources from governments, the private sector, other development partners and rural communities themselves, or lead to broader alliances and partnerships that can achieve policy changes and multiple sustainable impacts. The experience from scaling up feeds back into new ideas and learning. Figure 1 illustrates the dynamic nature of scaling up.

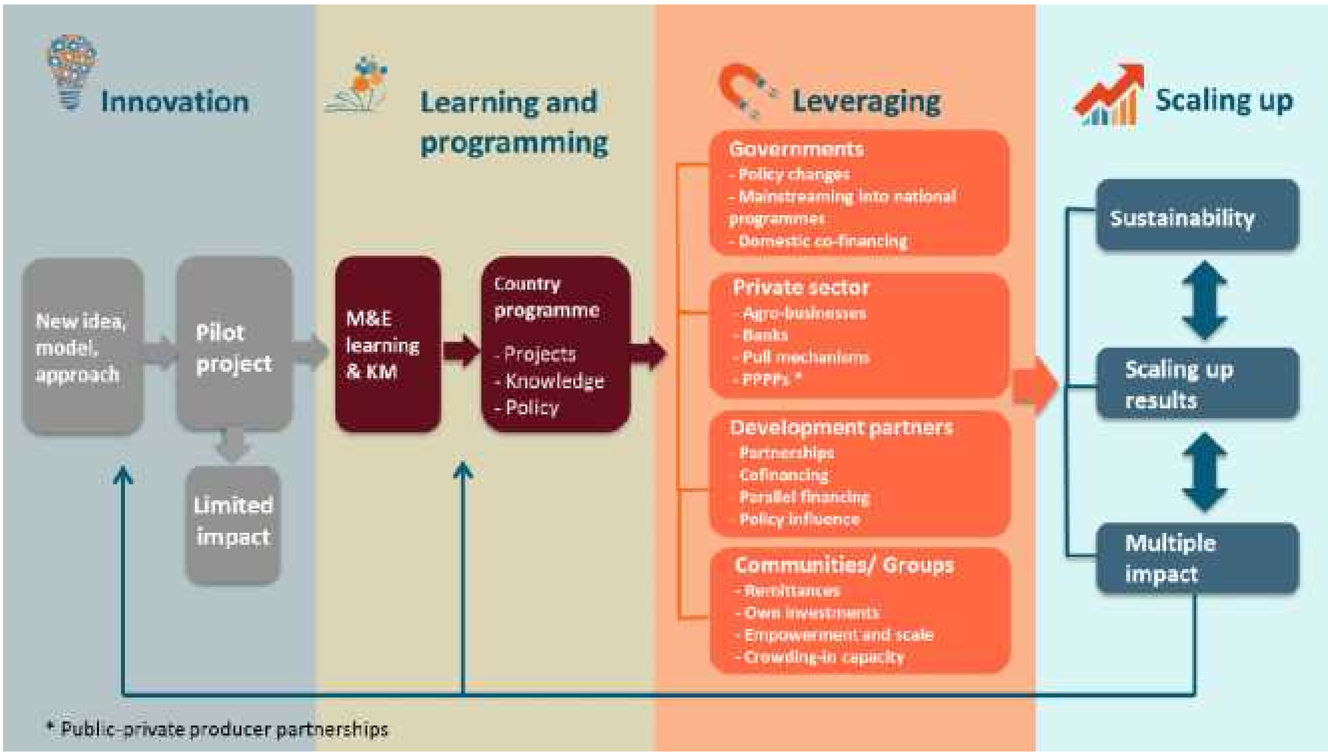

Figure 1. Phases of scaling up

Pathways for scaling up

8. Rural development scaling up does not happen spontaneously. Clear and carefully planned ***pathways*** need to be defined, with intermediate goals to measure whether scaling up is moving in the right direction. IFAD's experience indicates that **pathways to scaling up are a long, stepwise and multistakeholder process.**

*A **pathway** is the sequence of steps that need to be taken, using IFAD's three main instruments of assistance (projects, policy dialogue and knowledge), to ensure that a successful intervention is taken through subsequent stages to the scale ultimately judged to be appropriate and sustainable.*

9. Scaling up typically starts with a ***vision of scale*** and ***knowledge and ideas*** about how IFAD-supported interventions can transform the lives of poor rural people. While initial interventions may be small scale and incremental, they are carefully thought-out steps to achieve a grander vision and goals.

10. There should be a ***clear concept of why and how*** IFAD engagements in the country, combined with the efforts of the country and its other partners, will facilitate a major reduction in poverty. The model underlying the pathway needs to consider the "why, what, who, when and how" that links each element to the larger intervention. The pathway for scaling up needs to clarify the country's context and priorities, what long-term changes to seek, who would benefit from them, and the sequence of actions required for the changes to take place. It should be realistic about underlying assumptions, risks and constraints. It also needs to define intermediate and final results, and a system to monitor and evaluate them, with a view to generating information that enables the underlying model and its assumptions to be tested and fine-tuned.

11. Choosing the appropriate ***dimensions*** is fundamental in designing a particular scaling-up pathway. The pathway may be concentrated simply on *expanding services* to more clients in a given geographical space or it could involve *horizontal replication*, from one geographical area to another. Other dimensions of scaling up include *functional expansion*, by adding additional areas of engagement or roles for a project organization; and *vertical scaling up*, by moving from local or provincial engagement to nationwide engagement. Policy engagement may be necessary to help achieve the policy and institutional conditions needed for successful national-level scaling up or to attract investment from the private sector or other partners.

Drivers of scaling up

12. Without drivers that challenge the status quo, an organization with a model for scaling up may not see the impact it desires. Hartmann and Linn list some of the drivers that motivate scaling up:

> ***Drivers*** *are the forces pushing the scaling-up process forward. They include local leaders or champions, external catalysts, market, and community demand and incentives.*

(a) *Ideas,* which often originate in research, and which practitioners translate into concepts for action, often starting with pilots that test the validity of the idea.

(b) *Prototype pilots* that are designed from the outset for scaling up. These differ from other small "boutique" projects that have high unit costs and require management and skills inputs at levels not capable of reaching scale.

(c) *Leadership* that believes in the potential of an idea and the model of intervention, is committed to scaling up, sticks with the agenda and can convince others to follow suit.

(d) *External catalysts,* such as the end of conflict, natural disasters, civil unrest and economic shocks, which precipitate change and create conditions favourable to scaling up. Mutual commitments between a country and its international partners can also drive development activities to scale, particularly when accompanied by external funding.

(e) *Incentives and accountability* that support a shared conviction that scaling up and sustained engagement matter. Public-sector organizations often start with incentives that inhibit scaling up, for example "to move from one new idea to the next, from one project to another, from one job to another".[3] Shared institutional values, incentives and accountability are needed in organizations such as IFAD that support scaling up, as much as in the organizations they seek to help.[4] Accountability of donors and

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[3] Hartmann and Linn (2008), p.19.

[4] Johannes Linn makes this point in Chapter 5 of Chandy et al. (2013).

governments has been upward to politicians and sideways to donors rather than downward to beneficiaries.[5]

Spaces for scaling up

13. Scaling up takes place within a broader environment that can enable it or thwart it. Unless there is space in this environment for ideas and pilots to grow, then scaling up may not occur. Hartmann and Linn identify eight spaces where constraints to scaling up need to be removed:

> ***Spaces*** *are the opportunities that can be created or the potential obstacles that need to be removed to allow interventions to grow.*

(a) *Fiscal and financial space.* Scaled-up programmes generally require more financial resources, without which they cannot grow even when economies of scale are present. Designers of scaling-up programmes need to take account of their financial sustainability and look for savings and resources generated from fees and taxes, as well as new funding; a programme that is dependent on long-term donor funding may not succeed.

(b) *Political space.* Sustainable financial resources require political support and navigation around opposition through political outreach, coalition building and proactive advocacy. Scaling up involves political processes, as well as organization and technical knowledge.

(c) *Policy space* created by the policy, legal and regulatory framework. Removal of critical constraints to scaling up may be difficult if it challenges the distribution of economic rents that benefit powerful interests. On the other hand, policy change is made easier when it removes obstacles that could prevent a potentially popular programme from reaching scale, as opposed to promoting policy adjustments in abstract.

(d) *Institutional space* created by institutions making changes and building the capacity necessary for scaling up to take place. Free-standing project-based institutions, still common in a number of IFAD projects, are not suitable institutional structures for scaling up, unless these project-specific implementation structures can be mainstreamed. A key challenge is to design, early on, institutions that are sufficiently integrated into mainstreamed structures and have a sustainable funding source, so that they can also operate at scale. For example, grant-making mechanisms attached to project implementation units and funded under IFAD projects cannot be taken to scale unless they are transferred into mainstream institutions with more diverse resources.

(e) *Cultural space* which ensures that the programme recognizes social constraints to implementation or beneficiaries' unwillingness to participate in the project. For example, success in using community-driven development approaches to scaling up requires an understanding of the degree to which local elites will work to enable development or to extract resources for other purposes.

(f) *Partnership space* that mobilizes support from local or domestic partners to enable the programme to scale up. Such partners could be from the private sector, NGOs, United Nations agencies or official donors.

(g) *Learning space* that supports absorbing lessons as programmes unfold, adapting programme design, welcoming change and learning from failure. Feedback loops based on monitoring and evaluation (M&E) of results during implementation, rather than once the programme is completed, enable mid-course corrections to the programme and any scaling up of results to be accelerated.

(h) *Environmental space* that ensures that the natural resources required (land, soil, water) are available for expansion to scale with falling costs.

[5] World Bank (2005) and World Bank (2011).

14. As an international financial institution, IFAD has an obvious role in creating financial space to enable scaling up. As well as deploying its own financial, knowledge and policy engagement instruments, IFAD can play a substantial convening role in leveraging the resources of other private and development agencies, in addition to government fiscal resources and the resources of communities of and for poor rural people. IFAD can also add value in creating other spaces, for example by helping to mobilize poor farmers (partnership space) to contribute their voice in national debates (political space) in order to avoid import monopolies or weak contract enforcement (policy space). Supporting organizations of the poor (community space) is one way for IFAD to enter political and policy space that is consistent with its mandate.

Leveraging and partnerships for scaling up

15. Given development needs and the limited ODA resources, it is difficult for any donor-supported activities to scale up unless they leverage the support of other parties, primarily government, the private sector, other development partners, communities and their organizations.

Government

16. Sustainable scaling up will often depend on the government's capacity to take over and provide funding through its own fiscal resources or on its openness to making space for other actors – especially communities and the private sector – to play a more important role. IFAD-supported activities require **demonstrated government commitment and ownership**.

17. Government can be the main driver of scaling up by creating the space for scaling up to happen, particularly in the fiscal, political, policy, organizational and learning areas. Sometimes parts of the government may obstruct the chosen scaling-up pathway, so that achieving the goal will depend on the ability of government partners to navigate or negotiate around these barriers.

18. Several questions arise when considering how effectively a potential government partner will be able to lead sustainable scaling up, including:

    (a) Is the leadership of the government partner department or agency committed to the project and willing and able to create the spaces needed for scaling up?

    (b) How realistic is the plan for a permanent government organization, department or agency to be in place for the duration of scaling up, especially beyond the project period, given existing capacity?

    (c) Is the policy environment conducive to scaling up in the context of a specific project intervention?

    (d) Will the scaling-up programme or project be included in the budget, i.e. approved through the normal budget processes?

    (e) Will sufficient funding for taking the programme/project to scale be made available in the current and future budgets?

19. Government partners include the central government and its agencies, subnational government entities and other public organizations such as research institutes. The role of government partners and their capacity to scale up is fundamental in the choices of the pathways for scaling up and how IFAD engages on related policy issues.

Private sector

20. Accessing the potential of private finance for scaling up requires an approach to partnerships that is different from that used with the public sector. Scaling up through the private sector is particularly important when the project aims at providing beneficiaries with market access and value chain financing. In such cases, IFAD interventions must demonstrate commercial viability to firms and help poor farmers meet the quality and delivery standards required by the market.

In other words, the private sector finances scaling up and is compensated from its share of the value that the initiative creates. When entering into a partnership with the private sector, IFAD must ensure that a fair share of the project's value is distributed to its prime clients – poor rural people.[6]

21. The extent to which engagement with the private sector will result in scaling up and increased productivity and growth will depend on a number of factors, including the overall business environment, quality of infrastructure, capacity of local firms, partnerships between the local and foreign private sector, and the competitiveness of factor and product markets.

22. Public-private-producer partnerships (4Ps)[7] along agricultural value chains can be a powerful tool to attract private-sector investments to the smallholder sector, as well as in market segments that would not be profitable to private companies without public support and/or concessional donor financing.[8]

23. Public intervention in markets is usually justified because constraints are preventing an "efficient" outcome from occurring. Constraints arise in markets due to market failures, such as missing markets for credit or inputs; institutional barriers– for example poor contract enforcement norms; and systemic weaknesses in market exchange, including the inability of agents to learn about each other, identify areas of complementarity, and build and sustain trust.[9]

24. Public or donor funds can be used through a "pull" process to finance business plans jointly submitted by private companies and farmers' organizations, in which they propose entering into a partnership agreement where both parties take risks, invest, and share the benefits. Using public resources is justified on the grounds that the aim of the 4Ps investment funds is to address a "market failure", whereby the perceived high risks and transaction costs of working with small producers are preventing private companies from forging market-based business relationships with them.

25. IFAD's role[10] in the 4Ps mechanism is to use a combination of its financial and non-financial instruments for different clients at each level of the pyramid, leveraging innovative finance and "pull" mechanisms to scale up results. Box 7 illustrates how the 4Ps mechanism functions as an instrument of scaling up.

26. Because many of the issues that constrain the productivity of the private sector and ultimately require action by government to open policy spaces, IFAD staff will need to develop active engagement on critical constraints to private-sector engagement in scaling up. IFAD may also need to engage with other partners of the government (e.g. other donors, civil society organizations) who specialize in these areas. However, private-sector engagement may be contentious, for example, because of the vested interests of incumbent firms and their supporters in the public sector. In such cases, IFAD and its partners will need to demonstrate the advantages of change through analysis and facilitate a problem-solving dialogue.

Development partners

27. Partnership for scaling up with bilateral and other multilateral development agencies has often been sought to catalyze complementarities of interventions and additional resources through project cofinancing. IFAD's search for appropriate partners will extend from Rome-based agencies to international financial institutions, multilateral and bilateral institutions, and foundations. In a number of cases, IFAD has provided the initial demonstration effect through innovation and piloting that other donors have eventually picked up in their programmes and brought to scale.

[6] See IFAD's Private Sector Strategy: http://www.ifad.org/pub/policy/private/2012_e.pdf.
[7] IFAD frequently uses the term "4Ps" to indicate partnerships between the public sector, the private sector and producer organizations.
[8] See IFAD/IDS (2015).
[9] See Spielman, Hartwich and von Grebmer (2010).
[10] See footnote 6.

28. Considerable scaling up possibilities are also gathered through the numerous networks of professional service providers, platforms of non-profit organizations, rural finance networks, stakeholder federations or apex institutions, the Indigenous Peoples' Forum, the Farmers' Forum and their regional organizations, etc., all of which are supported by IFAD, some through its grant programme. IFAD also partners with a number of innovation and research centres and platforms, notably CGIAR and the Global Forum on Agricultural Research, which offer valuable tools to enhance development impact of our programme.

29. ODA is less than government tax revenues in both low-income countries (LICs) and middle-income countries (MICs) – in the case of MICs, substantially so. Private investment flows also overshadow ODA in MICs. While ODA will continue to play a significant role in financing scaling up, particularly in fragile situations and conflict-affected states, where mobilizing private funding and tax revenues is more difficult than in MICs or some LICs,[11] it most likely will be insufficient to take a programme to full scale. IFAD could occupy an important intermediate position on a "transmission belt" of scaling up whereby it promotes innovation and initiates the scaling-up process, and then works with other larger donors (especially multilaterals such as the World Bank) and the government for further scaling up.

30. Private philanthropy can also contribute to scaling up through foundations, vertical funds and corporate social responsibility activities. These quasi-private development agencies are likely to expect that the project will be profitable and sustainable. As well as finance, they can also be sources of ideas, innovations and pilot activities that IFAD, with its links to governments, can help bring to scale.

Scaling-up community of practice

31. IFAD is an active member of a cross-sectoral community of practice consisting of a broad range of donors, foundations, think tanks and independent scaling-up experts who exchange views on innovation and the scaling up of development impact. The associated working group on scaling up in agricultural and rural development,[12] led by IFAD, serves as a global platform for professional networking, sharing and learning related to "scaling for impact". The platform will also be used by IFAD and the other members of the community to disseminate evidence of successful scaling-up practices.

32. Areas of attention for the community of practice include integrating scale considerations into donor organizations, more strategic use of public-private partnerships for scale, enhancing the role of M&E in scaling up, scaling up in fragile situations and scaling up innovation.

Communities and beneficiaries' organizations

33. A key challenge is identifying institutions that have the potential to pursue and sustain scaling-up efforts, are socially cohesive and well integrated into the national context, and can therefore operate at scale. For an institution like IFAD, whose focus is on working with grass-roots institutions, it is important to examine to what extent local institutions (institutions "of" the poor and not only "for" the poor) can become the main drivers for scaling up. If these institutions are brought to scale with IFAD's support, they could play the main role in setting the agenda, mobilizing resources, attracting the private sector, exercising convening authority, creating consensus for change and scaling up, and influencing policy reforms. They could also become institutions capable of providing services on a large scale.

[11] Net private investment inflows to MICs in 2010 were 12 times greater than ODA and workers' remittances 5.8 times greater; in LICs, however, foreign direct investment amounted to only 32 per cent of ODA and remittances to 60 per cent.

[12] Core member institutions include Brookings Institution, Heifer International, International Food Policy Research Institute, Management Systems International, Results for Development Institute (R4D), TechnoServe-US, United States Agency for International Development (USAID) and World Bank, as well as IFAD. Community web-based platform: http://www.agriscale4dev.com/

34. The process begins when individual farmers/entrepreneurs who have common interests form local organizations which then graduate into business-oriented apex associations/cooperatives. When apex organizations grow large and strong enough, they may either deliver services to their members/shareholders directly, or establish sustainable linkages with input suppliers, output buyers, specialized agrotechnology service providers, microfinance institutions and banks. They are also able to make their voice heard in policymaking processes. Smallholder organizations thus become the main vehicles for scaling up, and IFAD's strategy is to facilitate their efforts to expand their own operations. IFAD will continue to use its comparative advantage in investing in rural people by building scale through collective action and social capital. This will create a body of organized citizens and a constituency that is more likely to draw some level of accountability from governments, while at the same time reaching the scale needed to link up with private-sector business.

35. Scaling up also needs to be looked at from the beneficiaries' perspective, because communities and farmers are the main investors in their own farms and the main stakeholders in making development efforts sustainable. In addition, with 40 per cent of total remittances around the world returning to rural areas, this source of income and savings is already about four times the size of ODA resources. Leveraging remittances to achieve greater financial inclusion, whether through the formal banking sector, mobile transactions, savings mobilization or investment promotion, can go a long way in enhancing the scaling-up agenda and development impact.

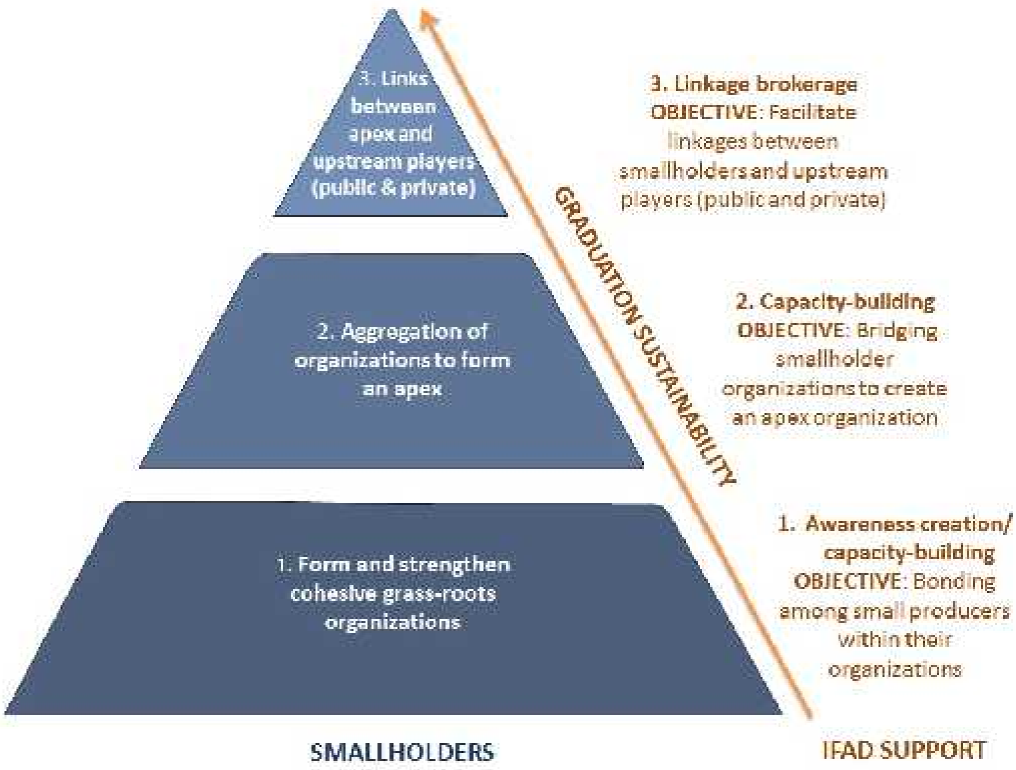

Figure 2: The scaling-up process for grass-roots organizations

Defining country strategies for scale through RB-COSOPs and Country Strategy Notes (CSNs)

36. The requirements of the scaling-up methodology as it relates to country strategic programming are embedded in IFAD's results-based country strategic opportunities programme (RB-COSOP) guidelines.

37. Designing country programmes for scaling up is not radically different from current good practice, the basic principles being demonstrated government commitment and ownership, a good understanding of the country context, and learning from past interventions of IFAD and/or development partners.

38. Once the strategic objectives of the RB-COSOP have been agreed between the government and IFAD, the scaling-up "lens" identifies:

    (a) **The vision of scale:** where is scale going to come from?
    (b) **The scaling-up strategy:** the sequence of steps (pathway) that need to be taken in the programme (integrating projects, policy engagement, partnership building and knowledge) to ensure that interventions have the largest impact on rural poverty over a time frame appropriate to country conditions.
    (c) **The scaling-up process management plan:** the means by which the programme will use knowledge, monitor progress and manage risks.

39. Approaches need to be tailored to different country circumstances (MICs, LICs, fragile situations). Over the course of 2015, IFAD has developed ten country notes illustrating scaling-up approaches adapted to different contexts.[13]

Vision of scale

Determine the context for scaling up in the country
[Section I of RB-COSOP]

40. Given IFAD's mandate, the basis for a scaling-up RB-COSOP starts with a good understanding of rural poverty in the country, as well as a good understanding of who the beneficiaries of the IFAD programme are at the start and how the target group would evolve over time. Often this will be derived from a baseline poverty analysis and/or government documents such as a poverty reduction strategy paper or other poverty-oriented planning documents. Other analyses may be available from the work of partners, research institutions and universities, or studies commissioned by IFAD. While establishing an accurate picture of the scale of rural poverty is essential, it is also necessary to understand the reasons why poverty persists in the country.

Assess institutional capacity
[Key file 2 of RB-COSOP]

41. While, in principle, IFAD responds to requests and channels funds to the highest development priorities, **what government agencies and local partners can actually implement may be a better guide to potential scaled-up results**. The quality of institutional capacity and leadership of the organizations[14] that would be responsible for activities in the RB-COSOP is fundamental to decisions on where to concentrate IFAD's resources. This calls for a frank assessment of the organizational arrangements in the country that would implement projects in the RB-COSOP. In MICs and some LICs there will often be a track record on which to make a judgement. In fragile situations and many LICs, the current state of institutions may not be a good predictor of future performance, particularly if the projects were successful in supporting

[13] See country scaling up notes: http://www.ifad.org/knotes/scaling_up/index.htm.
[14] For more information on how to assess institutional capacity and leadership, see IFAD, 2014c, pp. 23-39.

institutional development or, in the case of fragile situations, temporary arrangements were put in place while permanent organizations were being built.

42. Assessing leadership as part of the institutional capacity that can be put in place to implement a programme or project is fundamental to choices about where to scale up. Leadership is ideally a group endeavour rather than an individual one. Effective leadership communicates a vision of development, has the skills to build institutions that can take a programme to scale, constructs coalitions, navigates around opposition and drives implementation. Leaders can be connected to elites or can build support from the ground up – either way, they seek the political, policy and organizational space needed for scaling up. While leadership and "champions" are key to institutional change and development, it should be more about having functioning teams that are right for the local context and have the space to innovate, rather than depending solely on special individuals.

Assess past experiences
[Section II of RB-COSOP]

43. Without a vision of scale, a big idea or a narrative of what scaling up is intended to achieve, there is a risk of incremental projects that lack relevance for large-scale poverty reduction. A scaling-up RB-COSOP should **start with a clear statement of the problem it aims to address** in the target area. The RB-COSOP should contain a narrative of how the IFAD programme, together with the programmes of the government and its other partners, will address the problem.

44. RB-COSOP preparation requires lessons to be learned from past activities in the country, conducted not only by IFAD but also by other partners and the government. Such analysis could lead to better-coordinated results from all programmes that have an impact on rural poverty. The government and its partners would need to evaluate and pool the likely results across programmes and identify complementary actions and obstacles that need to be addressed to achieve them. If the overarching goal is rural poverty reduction in a poor part of the country, the RB-COSOP should estimate how each IFAD programme element and relevant action by the government and others would contribute to this and over what timescale.

Scaling-up strategy

45. Developing a strategy for how scaling up will take place in a country involves justifying goals for the country programme and identifying country and partner organizations that will take the programme to scale, the time frame for this, and the interdependencies among actors and programme elements. It also requires clarity about the assumptions that are being made, such as how a policy change will affect an outcome, and identification of internal and external risks.

Box 4. Adopt a problem-solving approach to facilitating policy and institutional change

A dialogue with the country around priority problems that IFAD could help resolve can form the basis for integrating non-project activities into an investment programme. Non-lending priorities could be based on a feasible path for solving these problems so that there is both country ownership and coherence. There may be highly desirable changes that are not politically feasible, which could be noted and left for the future or for the government's other partners. This may result in a slower pace of poverty reduction than technically possible, but this is policymaking in the real world.

Using a problem-solving approach to country policy engagement helps define entry points for IFAD. It is also a way to initiate policy engagement in countries that are less interested in discussing policy issues with IFAD. It does, however, require qualified staff in-country who are able to facilitate the country's own problem-solving processes.

Establish the dimensions along which scaling up will take place

[Section IV of RB-COSOP]

46. An RB-COSOP needs to select an approach to scaling up that recognizes the characteristics of the country. Sustainable scaling up involves different mixes of investment, institutional change and learning along one or more of four dimensions:[15]

(a) *Quantitative* scaling up, when a programme expands by replication in different places or by increasing its number of beneficiaries in a given location, is likely to require hands-on engagement with local offices of the central or subnational government.

(b) *Functional* scaling up, when the scope of an activity is increased to provide additional services, may have implications for the legal mandate and internal organization of a government partner, e.g. an irrigation authority providing extension services to farmers in addition to supplying water.

(c) *Political* scaling up requires the active commitment of government, e.g. by increasing the influence of ideas and efforts through political processes that expand the impacts of programmes, work around political opposition, and create policy and institutional space conducive to scaling up, e.g. introducing changes to agricultural marketing arrangements that transform incentives for small-scale agriculture.

(d) *Organizational* scaling up, which may require the expansion of the implementing agency, involvement of other institutions or establishment of a new organization. This expansion can be horizontal through replication of similar institutions or vertical through an increase in the engagement of higher-level institutions. One example might be the creation of an apex organization to expand microfinance activities.

47. The capacity of IFAD to influence change at scale will depend on country situations:

(a) In *MICs*, where IFAD resources are likely to be relatively modest, IFAD's role in scaling up is likely to involve facilitating innovation, knowledge-sharing and policy changes. These activities may have a greater impact than IFAD financing alone, as long as they can leverage further replication and mainstreaming into government programmes and can mobilize cofinanciers and private-sector involvement.

(b) In *LICs*, scaling up is likely to focus more on expanding previous successful pilots, institutional development and capacity-building so that national partners and stakeholders are eventually capable of sustaining these efforts. IFAD may partially finance taking projects to scale, but would actively seek out public-private-producer partnerships[16] and cofinancing to build ownership at the community level.

(c) In *fragile situations*, IFAD's comparative advantage may be to focus on institutional development and capacity-building at the grass-roots and community levels, thus building a more resilient constituency of stakeholders, facilitating access to market and finance and relying on the community's own capacity to drive the scaling-up process.

48. In reality, the distinction between approaches according to country type may be less rigid than described here, but some differentiation is likely because levels of institutional development vary from country to country.

[15] See Hartmann and Linn (2008), who attribute these four dimensions to Uvin (1995).

[16] See footnote 7 and box 7.

Assess key drivers and spaces that affect the scaling-up pathway
[Section IV of RB-COSOP]

49. Country programming is essentially about selecting priorities. A scaling-up COSOP needs to identify which opportunities, within the strategic objectives agreed between a government and IFAD, are likely to have the largest impact on rural poverty over a time frame appropriate to country conditions, and how this scaling up can be achieved (which pathways should be chosen).

50. Once the RB-COSOP has identified which key policy and institutional areas to support in order to reach a larger scale, it is important to determine the "movers and shakers" that will facilitate the growth process. Change constituencies will need support to become effective drivers, for example, in leveraging changes in a regulatory system, sustaining participatory systems, pushing for reforms in the rural finance system, disseminating and adapting new technologies, and pressing for adequate commitment for budgetary allocations. Drivers typically take the form of market and community demand; incentives and accountabilities; political, private sector or producer constituencies; and/or civil society organizations with a vision for and interest in change.

51. Few countries have the ability to implement comprehensive programmes of integrated policy and institutional reforms. More often than not, progress towards the elimination of rural poverty will move incrementally, reducing the easiest aspects of poverty first, or timing reforms to when political conditions are favourable. This can fit nicely with a scaling-up approach that starts with a pilot project, which can be enlarged into a multi-year programme as conditions for implementation and sustainability improve. IFAD's RB-COSOP guidelines stress country ownership. However, while ownership of investment projects may be relatively easy to achieve, establishing ownership and legitimacy of policy and institutional change may be more difficult, even when such change is critical for the implementation and sustainability of investments. In most countries, policy reforms take place incrementally rather than through revolutionary plans. In fragile situations, achieving minimum institutional capacity may take 20-40 years.

52. Fiscal and financial space may be a critical constraint to scaling up. In addition to considering the IFAD country programme allocation (PBAS), the country programme management team will need to assess early on the possibilities for financing the programme through government revenues, beneficiaries, and private sector and other partners. The likely fiscal and financial parameters will influence the feasibility, scale and time frame for the results associated with the RB-COSOP.

53. Of the four dimensions of scaling up described above, three – functional, political and organizational scaling up – are related to policy and institutional development. Scaling up involves close linkages between lending and non-lending services that create space for scaling up to occur and magnify the impacts of the drivers of change. **The RB-COSOP should set out clearly the relations between policy engagement, learning, partnerships, project financing and grants.** There should be upfront analysis of the main policy and institutional constraints to the programme's objectives and which of these the government is able to address, and prioritization of non-project activities based on their potential impact.

54. The new IFAD Policy for Grant Financing recognizes that "**country-specific grants** address the challenge of weak performance by government and other in-country partners by strengthening institutional, implementation and policy capacities [particularly in fragile situations] and innovating in thematic areas, or by using approaches and methodologies that can subsequently be scaled up through IFAD's country programme. Country-specific grants must be closely linked to each country's RB-COSOP or IFAD's country-level strategic objectives." Global/regional grants could be used to promote and further support the scaling-up agenda, for example by supporting knowledge generation, improving weak M&E systems, and promoting South-South cooperation.

Manage the scaling-up process

[Section V of RB-COSOP]

55. **Knowledge management** plays a key role in the scaling-up process. RB-COSOP design should include an adequate plan for documenting the progress, lessons learned and impacts of the scaling-up effort (both investment programmes and non-project activities). It should also ensure that this information is fed back to key stakeholders and the broader public and used to make necessary course corrections.

56. **Monitoring and evaluation.** It is important that the programme delivers intermediate results along the scaling-up pathway. This is necessary to allow testing and, where needed, adaptation of the approach. It also helps ensure buy-in on the part of the community, the government and other stakeholders. The annual RB-COSOP review, undertaken as part of the annual country portfolio review, will use the country programme issue sheet (CPIS) as the basic outline for monitoring IFAD's performance in the country. The RB-COSOP will thus be a joint assessment by the government and IFAD of the investment and non-project programmes. This review will provide an opportunity for discussion on: (i) lessons learned; (ii) pending issues; and (iii) topics to deepen policy dialogue and partnerships for scaling up. This will provide an opportunity to monitor the progress of scaling up and redesign/fine-tune scaling-up approaches.

57. A clear link needs to be articulated between scaling up and the RB-COSOP results matrix: scaling-up objectives 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 increases or natural resource conservation are included in the results matrix, then scaling-up pathways need to be laid out to demonstrate how indicated objectives could be achieved through scaling up, even if the full scale will not be reached within the life cycle of the particular RB-COSOP. In other words, are the required spaces "opening" as expected, and are the drivers committed and able to move expansion in the expected direction? The design of specific projects then needs to demonstrate that they will contribute to the achievement of the targets laid out in the RB-COSOP results matrix as part of a specified scaling-up pathway.

58. **Managing constraints and risks to scaling up.** IFAD will need to manage the risks associated with scaling up. Development support that aims for large-scale results could leave IFAD exposed to greater risk of programme failure and reputational risk if scaling up fails to take place. Risks associated with scaling up are described in detail in annex 1.[17] Greater selectivity through concentrating resources on programmes with an evidence base for success may actually lower risk. Reducing fragmentation in country programmes can shift IFAD's effort away from activities with high risk of programme failure or misuse of funds. Successful scaling-up results can thus lower the programmatic and contextual risks of failing to deliver development or other objectives.[18] However, scaling up what does not work could expose IFAD to greater and more visible risks, and country-level shortcomings could affect the overall reputation of IFAD. A good scaling-up plan should identify risks along the pathway (e.g. failure of spaces to open; drivers that are not effective) and design measures for turning such failures into learning steps. Failures could, in turn, become steps towards the creation or identification of new opportunities to move along the scaling-up pathways.

[17] For more on risk management, see McKechnie and Davies (2013).
[18] See Chandy and Linn (2013).

59. Options do exist for mitigating the risks of scaling up, including investing in understanding the social, political and peace-building context; rigorous evaluation of lessons learned and what has worked in the past; careful selection of country partner agencies; designing programmes with the flexibility to shift resources among strategic priorities as a way of not only managing risk but also responding to opportunities; maintaining the focus of capacity development in scaling up operations; and gathering strong ownership of the part of government and local stakeholders of the scaling-up vision and strategy.

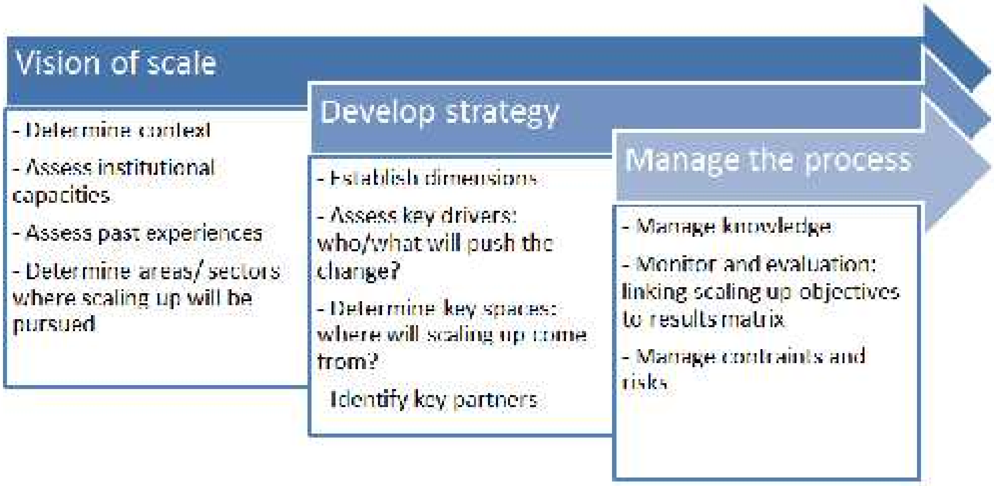

Figure 3: Thinking through scaling up at the RB-COSOP formulation stage

Country strategy notes (CSN)

60. Based on the new RB-COSOP guidelines, a Country Strategy Note can be prepared instead of an RB-COSOP when a member country and IFAD are unable to define detailed objectives or develop a program for the medium term. Subject to approval, CSNs can also be prepared for countries with a PBAS allocation equal to or below US$ 5 million. CSNs are expected to be transitional documents and are expected to eventually -when the above conditions no longer apply- transition to full RB-COSOPs.

61. The principles for preparing a RB-COSOP for scaling-up are still relevant to CSNs, particularly understanding the country context, developing a vision of scale, develop a strategy by assessing key drivers, key spaces and partners, and managing risks.

Quality reviews

62. The integration of a scaling-up approach into the RB-COSOP design will be supported and reviewed by the normal quality enhancement and quality assurance processes within IFAD and will help the team to respond to the questions in Box 5. Also, the quality assurance review will normally assess the Results Measurement Framework rating for replication and scaling up (RMF indicator 4.3.5 – a summary rating from 1 to 6) across several scaling-up dimensions, including identification of the specific models/interventions to be scaled up, provision of evidence that they are effective and efficient, and articulation of the pathway for scaling up.

Box 5. Questions to consider when formulating country strategies

The vision

1. What are the key lessons learned from past interventions in the country and the areas that show potential for success on a larger scale?
2. What problem(s) does the RB-COSOP aim to address in the target area, and how does it fit within the strategy of the government and other donors?
3. Does the required institutional and policy environment exist to sustain scaling-up efforts beyond the RB-COSOP or the project's duration?
4. What are the key strategic choices that have been made to underpin the scaling-up pathways of the RB-COSOP and why?

The strategy

5. How is the achievement/pursuit of the RB-COSOP's strategic objectives going to be able to create the spaces needed for the IFAD programme to scale up results in the selected thematic areas?
6. What kind of scaling up is anticipated? Who/what are the drivers that are expected to lead the scaling-up process ahead? Do they include local leaders or champions, external catalysts and incentives?
7. How does the choice of investments and non-lending services lead to the scaling up of results? How will they contribute to the objectives and indicators laid out in the results management matrix?
8. Who are the partners (government, private sector, other partners, communities) that can assist or take over the scaling-up process and what needs to be done to bring them on board?
9. What is the time horizon over which a scaling-up strategy should extend?
10. What spaces have to exist so that interventions can grow to achieve the desired scale?
11. Is there sufficient capacity and finance for the proposed expansion? Can markets absorb the level of production envisaged?

The process

12. Are there adequate procedures for documenting the progress, lessons learned and impacts of the scaling-up effort?
13. What mechanisms will most effectively ensure that this information is fed back to key stakeholders and the broader public, and used to make necessary course corrections?
14. What linkages have been articulated between scaling up and the COSOP results matrix?
15. What intermediate results are expected?
16. What are the risks that the programme faces? What is the plan to mitigate and manage them?

Scaling up in project design

63. As with well-designed country programmes, work starts with a vision of scale, seeking to enhance the outcomes of the project in order to make a significant impact on the problem set out in the RB-COSOP and agreed with the country counterparts.

64. In general, the principles of good project design – such as clear and monitorable objectives, clear contribution to a country strategy, simplicity of design, well-defined implementation arrangements – are also valid for scaling-up approaches. The main difference with traditional interventions is that project teams will explore scaling-up pathways and drivers from the design stage onwards and not when the project is well under implementation or about to close. Some IFAD-funded projects are introducing new interventions/innovations, and in these cases it will not be possible to have a scaling-up framework at the design stage. However, the design team should identify areas and approaches for generating knowledge during implementation to guide future decisions on scaling up where results are positive.

65. Project design for scaling up will vary among different country types. In an MIC, IFAD is less likely to be financially involved in scaling up a programme than it is in an LIC or fragile situation. The innovative nature of the IFAD-financed project will be dominant in an MIC, where IFAD will be testing approaches, technologies and markets, and gathering systematic knowledge that will enable the government, private sector or other partners to take the idea to scale. In the case of a fragile situation, project designs will need to be kept simple, ensuring that implementation arrangements are consistent with building permanent capacity at the community level and that results achieved can be sustained in the future. The space for policy innovation may be limited, and grants may be the preferred financing instrument. A project in an LIC might fall between these two categories, but institution-building and policy development are likely to be features of programme design.

66. Scaling-up pathways will also vary significantly among different lines of business. Over the course of 2015, IFAD has developed nine thematic notes to illustrate how to achieve scale in IFAD's main lines of business (rural finance, pro-poor value chains, irrigation, land tenure,

Box 6. Questions to consider before project scale-up

1. *Clarity:* Is the model or theory of change clear and testable? Evidence?
2. *Credibility:* Is the implementing agency respected and trusted?
3. *Legitimacy:* Is the innovation locally owned or embedded? Is it relevant to the perceived needs of stakeholders?
4. *Evidence of effectiveness and efficiency*: Does the innovation have advantages over the current situation that are perceptible to users and others? Is there evidence of effectiveness and efficiency?
5. *Financial model:* What are the funding challenges? Does sustainability depend on ongoing financial or other support? Or does the innovation itself generate resources?
6. *Alignment and linkage of policy and investment with government and development agency's priorities:* Are government and the *development agency* engaged during implementation?
7. *Complexity, coordination and behaviour changes*: How easy will it be to adopt or transfer the model? Number of decision makers? How much departure from existing practices and behaviours of population and implementing agency? How challenging to values and practices? Level of technical sophistication? Clarity of technology? Complexity of project? What infrastructure requirements? Impact of technologies on engagement of women and marginalized communities?

Source: Holcombe (2012).

livestock, smallholder organizations, gender, climate and nutrition).[19] The principles for designing good projects that achieve impact at scale can be translated into practice through the following steps:

(a) Defining a vision of scale

(b) Developing the scaling-up pathway

(c) Managing the process

Defining a vision of scale

[Section I. A and B of PDR template]

67. A project will seek to multiply its outcomes in order to make a greater contribution to the strategic objectives set out in the RB-COSOP and agreed with the country counterparts. One project alone is unlikely to achieve the strategic objective. It is likely to be followed or complemented by other interventions, including through the private sector, or to be financed by other partners, such as a regional development bank. The country programme team needs to think programmatically about how a project relates to what follows, and design it as part of a multi-year, multi-activity operation that will substantially achieve the overarching objectives of the COSOP. While the COSOP has its own vision of scale, a project has more specific and thematic objectives, but with clear links to the larger context.

68. At the early Concept Note stage, the project design team will first need to determine the dimensions for achieving appropriate scale. Will scaling up take place simply by replicating a successful project elsewhere? What evidence is available on the results? How will scaling up be funded and will the financing be sustainable? Can economies of scale be achieved by increasing the functions of an implementing agency, or through building the capacity of the organization responsible for the project? Box 6 presents a set of questions to consider when assessing whether to scale up a project.

69. An intervention is scaled up based on solid evidence of the impact it is having or the innovation it is introducing. In many IFAD-funded projects, lessons learned are not strong enough to be seen as evidence based. Solid evidence requires reliable M&E systems (including baselines and endlines). Ideally, there should be a formal evaluation or impact assessment to guide decisions on scaling up. However, given the limited resources available for these activities, decisions on scaling up could be made based on qualitative information from secondary data and more efficient use of internal self-evaluation reports (such as midterm reviews and completion reports).

70. In particular, demonstrating economic benefits can be critical to provide evidence and secure buy-in from country authorities (especially ministries of finance). This will require a comprehensive economic and financial analysis.[20]

Developing the scaling-up pathway

[Section II. A of PDR template]

71. For most rural development models, scaling up does not happen spontaneously but requires carefully laid out and supported pathways. These pathways need to be defined with intermediate objectives that can serve as goal posts that make it possible to measure whether the scaling-up pathways are moving in the appropriate direction. Pathways usually require a longer time horizon, typically much longer than a one-time IFAD intervention. IFAD interventions thus need to inscribe themselves into this longer-term scaling-up pathway. For example, the Ethiopia Pastoral Community Development Project is being scaled up over a 15-year period, while the Ghana Rural Enterprises Project is in its third programmatic phase.

[19] See thematic scaling up notes: http://www.ifad.org/knotes/scaling_up/index.htm.
[20] See IFAD's internal guidelines on economic and financial analysis of rural development projects: http://www.ifad.org/pub/efa/efa_1_e.pdf.

72. When designing projects for impact at scale, project design teams can rely on a number of pathways and actors, depending on what is to be scaled up (e.g. a value chain approach). Which pathways present an entry point for scaling up will depend largely on contextual factors and the levels at which most of the constraints are found: (i) policy level; (ii) project level; or (iii) knowledge-sharing level. The thematic scaling up notes were developed to provide easy guidance to project teams on how to scale up according to the specificity of different lines of business.

Project level

73. A major entry point for scaling up development results is usually a project[21] that has demonstrated its success and potential for replicability. Models can vary widely from project to project, but in order for project results to be scaled up by others (government, donors, private sector, cooperatives, NGOs, etc.), a project should:

(a) Provide evidence that the chosen models yield sustainable results. An intervention should therefore **document its outcomes and positive impacts** on the target group, as well as its overall benefits. A good project M&E and impact tracking system is therefore needed.

(b) Ensure **institutional sustainability** of the interventions beyond the project's duration. This could entail clear exit strategy measures; for example, in the case of value chain projects, the private sector or farmers' cooperatives taking over market services, market infrastructure or value chain financing once the project ends. It could also mean establishing links with the rural financial sector, so that after the IFAD project is completed, the financial sector – having "learned" how to work with small producers through the project – continues to do so with its own funds.

(c) Engage with potential scaling-up partners and develop the vision of scaling up early on in project design; for example, value chain projects can act as a "pull mechanism" to draw the private sector into a given value chain so as to establish a sustainable producers-private sector relationship that can continue when the project ends.

Policy level

74. Ideally, IFAD projects should serve as both a vehicle for operationalizing existing relevant policies and a lever for supporting the policy change needed to promote pro-poor models and approaches. For example, this could include influencing regional bodies such as the African Union to adopt regional policies based on interventions at the country/project level. Unless an IFAD project can influence a broader set of policies, it will remain a small-scale intervention with little scope for scaling up and/or for having a broad outreach and impact. Furthermore, many interventions simply cannot be scaled up if the policy and regulatory framework is not conducive. IFAD does not necessarily need to do this alone. Partnerships should be forged with other donors who are active in policy analysis and engaged in reform discussions with governments.

75. Common policy obstacles to scaling up value chain projects include a poor business and regulatory environment; trade barriers and licence restrictions; market distortions or lack of market competition; fixed or subsidized input or output prices; weak regulatory framework for cooperatives and farmers' organizations; poor access to financial and business development services; weak food safety and standards; and poor infrastructure.[22] Based on an analysis of policy obstacles, evidence from projects, partnerships with others and knowledge-sharing, IFAD can engage in policy dialogue with governments to discuss best practices and how certain laws

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[21] In certain country contexts or interventions (for example responses to emergencies or post-conflict interventions), the scaling-up approach may not be applicable. Such projects will therefore not be rated for scaling up, although efforts will still be made to accumulate knowledge and learning from them.
[22] For further discussion on policy engagement and how it should be planned at the design stage, see *How to do commodity value chain development projects*: http://www.ifad.org/knotes/valuechain/index.htm.

and regulations that have a direct influence on the functioning of agricultural markets or on the rural business environment could be changed. A successful example of IFAD's policy engagement with government is Armenia, where the government changed its agricultural value added tax law to support equity investments in the agribusiness sector.

Knowledge level

76. IFAD has gained considerable experience with various rural poverty reduction approaches and their application or replicability in various contexts. This experience should be brought forward and shared, so that relevant actors can replicate and scale up evidence-based success stories. This would help stakeholders understand which particular models have worked and under what conditions, and whether they can be replicated and scaled up.

77. Systematic learning, knowledge management and communication activities tailored to different targeted audiences are essential to scaling-up pathways and should be allocated appropriate project financing resources. Knowledge-sharing and knowledge management can serve several purposes. For example, in rural finance – at the global industry level – they can contribute to setting standards for financial and social reporting, advocating for client protection, advancing product development through experimentation with innovations, or carrying out applied research.

78. Exchanging knowledge on best practices and lessons from IFAD's interventions through South-South initiatives is also crucial to scaling up, although straightforward replication from one country or region to another does not always work. For example, a model may not be applicable to the markets and needs of beneficiaries in a given project area; it may not work with the net income flows in that project environment; or it may be at odds with regulations in the country.

Identifying drivers

79. Project design documents need to be clear about how scaling up will be achieved and the drivers and constraints that will be involved. In an IFAD project, the key drivers of scaling up are likely to be incentives and quality of leadership. For example, drivers could include empowered institutions of smallholders, communities or women's groups that are given support to voice their concerns and become stronger participants in dialogue with the public or private sector; private-sector partners that see potential for profit in areas that also link up with development needs; government agencies that are committed to moving the agenda forward and politicians who intend to meet the needs of their constituencies; and civil society organizations that pursue a national agenda for change. Internal actors are key because donors alone are almost never sufficiently strong drivers.

Identifying spaces

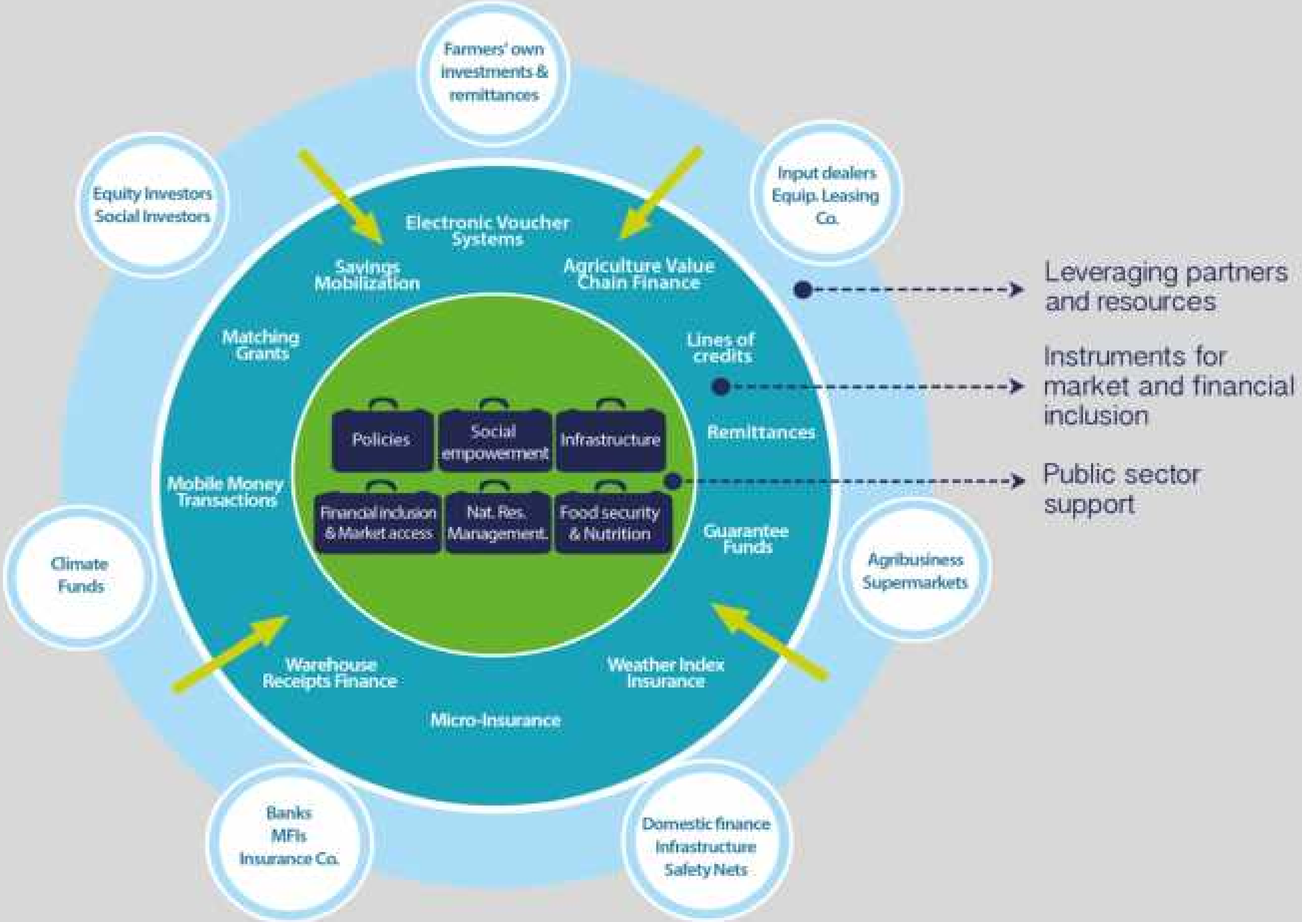
80. Each pathway for scaling up needs to develop and nurture "spaces" where scaling up can take place. Critical spaces that may need attention are likely to be related to the financial and fiscal arrangements for project sustainability; resolution of political and policy constraints; capacity of local institutions and implementing agencies; the availability of partnership arrangements that could potentially rally support for a particular programme; and cultural barriers that limit the participation of groups such as women or indigenous peoples in the project. Partnerships are sought not only to mobilize resources, but also as a means of accessing knowledge and leveraging influence and outreach. The nine thematic notes prepared as part of the scaling up guidance tools provide a description of the main drivers and spaces that could be developed under each of the main lines of business in IFAD programmes.

Box 7: Public-private-producer partnership (4Ps) as an instrument for scaling up

IFAD has been developing a model for channelling public resources through its projects to cofinance business plans submitted by private companies or smallholder organizations that propose partnerships for value chain financing, market access or financial inclusion. As a general principle, public/donor funds are provided as a grant to kick-start viable 4Ps initiatives by filling a financing gap to supply the public and the semi-public goods of specific business plans. Funds and technical assistance provided under these initiatives address a market failure where the perceived risks and transaction costs of working with smallholder farmers are preventing private companies from forging market-based business relationships with them. Having a business plan with clear product purchase agreements and investment commitments by all parties (public, private and producers) is an important step in leveraging additional credit and financing.

As illustrated in the figure below, the first entry point would be providing the public sector support typically required for smallholder development in areas such as policy environment, social empowerment, infrastructure, financial inclusion and market access, natural resources management, food security and nutrition. The second entry point would be adapting the array of financial tools that IFAD uses for market and financial inclusion (savings mobilization, lines of credit, matching grants, microinsurance, warehouse receipt systems, agriculture value chain financing, guarantee funds, electronic voucher systems, mobile money transactions, remittances) for interventions designed for the various types of smallholders.

The combination of public goods, financial instruments and contractual arrangements between organized farmers and agribusinesses would serve as a magnet to leverage additional resources and partners from banks, equity investors, input suppliers, equipment leasing firms, insurance companies, climate financing, and mostly from farmers themselves. Farmers are the biggest investors in their own farms and stand to benefit from maximizing the development impact of the remittances they receive. Additional domestic public investments, such as infrastructure and safety nets, could also be leveraged, especially in middle-income countries. Under the 4Ps mechanism, IFAD projects could be expressly designed to facilitate the market and financial integration of smallholders through sustainable scaling-up processes with well-defined pathways, drivers and indicators.



Managing the process

Monitoring and evaluation

81. Knowledge management plays a key role in a project's scaling-up process. Systematic review of the relevance, effectiveness, efficiency and impact of the project generates knowledge that can guide decisions on scaling up and the design of subsequent projects. Staff need to step outside the project box, think beyond the project itself and ask the question, "What next, if it works?" M&E needs to generate knowledge for scaling up beyond the project and feed it into the design of the next phase.

82. A scaling-up strategy applied to a project may achieve results only after the current project (as well as the relative COSOP) is completed and scaled up in subsequent activities that may not necessarily involve IFAD. Therefore, the "success" of scaling up should be assessed through process-oriented indicators that measure performance associated with IFAD's early engagement with the programme. Questions to be asked include: Is the private sector participating as planned? Are communities engaged and fulfilling their role? Are the drivers of scaling up, such as leaders, organizations and incentive frameworks, generating the intended results? Are the necessary political, policy, financial, partnership and cultural spaces opening or not?

Constraints and risks

83. Development support that aims for large-scale results could leave IFAD exposed to greater risk of programme failure and reputational risk if scaling up fails to take place. Risks associated with scaling up are described in detail in annex 1.[23] Options for mitigating risks include developing capacity to implement projects while building national institutions; keeping project design simple; testing concepts; nurturing partners' commitment during implementation; and putting additional fiduciary capacity and controls in place in high-risk situations such as those in fragile situations. Scaling up itself can mitigate risk by focusing resources where evidence from pilots suggests that IFAD-supported interventions will be successful. Sometimes country context changes, however, and it may be worth building in enough flexibility to allow resources to be shifted to new opportunities.

84. The success of a scaling-up agenda is dependent on the commitment, ownership and buy-in of the various players involved in the process (government, private sector, development partners, etc.), over whom IFAD has limited control. The level of commitment should be monitored throughout implementation and corrective action taken if it is not as anticipated in design.

85. Scaling up along IFAD's different business lines will entail a number of social, economic and environmental risks specific to a particular theme or country context (see country and thematic scaling up notes). Some risks can be addressed through better design, while others can only be dealt with during implementation through the M&E system.

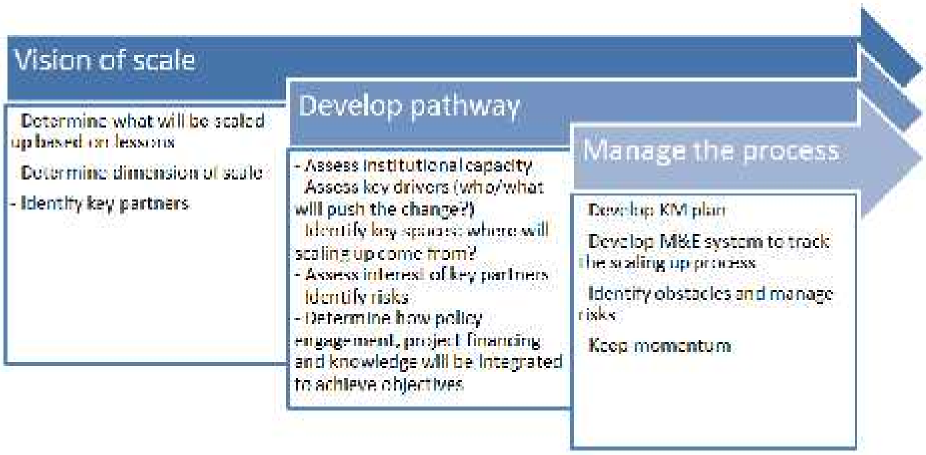


Figure 4: Thinking through scaling up at design stage

[23] For more on risk management see, McKechnie and Davies (2013).

Quality reviews

86. The quality enhancement process will help the project team determine the most suitable scaling-up plan based on the objectives and thematic areas. The quality enhancement panel report will assess the extent to which scaling up has been mainstreamed into project design and flag any outstanding issues for consideration at the quality assurance stage (box 8).

Box 8: Questions to consider at design stage

Vision

1. What is to be scaled up? Are the lessons learned from previous interventions sufficiently rigorous to justify bringing them to scale?
2. If a project is innovating/testing a new model/approach, to what extent has the project identified the areas and approaches for accumulating knowledge during implementation in order to guide future decisions on scaling up?
3. What is the appropriate ultimate scale of the intervention the IFAD project or programme supports in the country? In other words, how many people, households, districts, etc., could and should ultimately be reached? What will be the economic impact?
4. Where will sustainability come from in the future and what is the rationale in the choice of the key partners?
5. To what extent is a scaling-up approach able to maintain selectivity and simplicity in project design? Is the project avoiding the risk of adding complexity while scaling up?

Pathways

6. What is the likelihood that the key drivers of the scaling-up process will be able to lead and sustain the efforts beyond the project?
7. Are the economic and financial benefits sufficiently attractive to drive expansion and sustain the initiative in the long term?
8. Has the project identified the right "spaces" that will permit the intervention to grow to the desired scale? Is the project sufficiently integrating policy engagement and knowledge to open the necessary spaces?
9. Is the government providing the required fiscal space to sustain project financing?
10. Are actions likely to be coordinated with partners and the momentum maintained?

Process

11. Are there adequate procedures for documenting the progress, lessons learned and impacts of the scaling-up effort?
12. Does the project's M&E system track whether the scaling-up process is moving in the right direction, as identified at the design stage?
13. How will the information generated by M&E be fed back to key stakeholders and the broader public, and used to make necessary course corrections?
14. Have obstacles and risks been identified and addressed through mitigation measures?

87. The quality assurance process normally assesses the extent to which an initiative is likely to be scaled up through the questions listed in box 9 and provides a rating for replication and scaling up as part of the current Results Management Framework (indicator 4.3.5).

Box 9. Results Management Framework indicator 4.3.5: Scaling up (IFAD10)

1. What is to be scaled up?
    a. If a project is referred to as one which is being "scaled up", or otherwise further developed from previous interventions: extent to which the design clearly defines the operational dimensions to be reached. This can be *horizontal* (an expansion in the geographical reach of the investment from one district/region to others) and/or *vertical* (an expansion of the investment between organizational tiers, i.e. from one level of public administration to another (from local to provincial to national).
    b. If a project is innovating/experimenting with a new model/approach: extent to which the project identifies the areas and approaches for accumulating knowledge during implementation in order to guide future decisions on scaling up.
2. Extent to which the project design clearly identifies the specific models/interventions to be scaled up, based on **evidence** which demonstrates that tested models/interventions are effective and efficient (reference to satisfactory supervision report is not sufficient, as supervision reports generally assess programme implementation progress rather than potential outcomes). How realistic is the model for taking the project to scale? Have the risks to scaling up been identified correctly and mitigated?
3. Extent to which the project has identified, described and assessed the main pathways and the key drivers (government, private sector, development partners and project beneficiaries) that will provide scalability and sustainability beyond the project's life.
4. Extent to which the project has adequately identified the right institutions and assessed their capacity to take the programme forward, including the potential for leveraging additional partners, resources or policy changes to reach the desired scale.
5. Adequacy of the project's M&E system to assess progress of the scaling-up pathways through relevant intermediate and other indicators, including after the project has been completed in order to assess its sustainability and scale.

Implementing country programmes and projects for scaling up

Supervision

88. To ensure that scaling up actually takes place, supervision needs to focus on how the results expected from the programme/project are being realized, whether these results will be sustainable, how well suited the design is, and whether there is sufficient engagement among other parties that will finance scaling up processes. Supervision needs to go beyond the conventional fiduciary risk approach and assess other risks – for example, the risk of the project failing to deliver results at scale or sustainably, or higher-level risks related to conflict or unstable political situations – and share its findings with both the country and IFAD.

89. Supervision is an important source of knowledge and innovation, which can, in turn, be a starting point for proactive exploration of pathways for scaling up and for building consensus through engagement with the rural communities, government officials at different levels and other development partners, both traditional (international financial institutions, bilateral donors) and non-traditional (private sector, for-profit and not-for-profit organizations). Given the links between different stages of the project cycle, more focus on scaling-up opportunities during the implementation stage could also contribute lessons for improving project designs.

90. During supervision, stakeholders and other interested parties should be involved in assessing performance in terms of scaling up and identifying areas requiring attention. The supervision team may seek answers to questions about the suitability of the scaling-up concept/approach in the light of the implementation experience; implementation arrangements; the spaces created for scaling up; sustainability; partnerships; M&E and risks.

91. The COSOP Results Review (CRR) and project mid-term reviews are an opportunity for IFAD, the government, and partners to discuss sustainability and what will follow completion. Review of the M&E indicators should determine whether the programme/project is on track to secure results at scale and what project design modifications may be needed. In some cases, where results are looking good, a decision to scale up should be taken during the midterm review. The ability to make such decisions is dependent on good real-time reporting on implementation progress and the existence of an M&E system that was well designed from the start. The midterm review/CRR is also a good opportunity to deepen engagement with partners and secure their interest in participating in scaling up.

92. Supervision missions should also consider possible successor projects. This should not be left until after project completion because it would delay scaling up. The mission could assess whether a tentative decision to scale up the project could be taken at the midterm review stage and agree with the government to set aside some project funds to finance project preparation.[24] Starting design work early could improve the quality of the concept for the successor project, even if IFAD were not to fund it. It would also ensure that project implementation momentum is not lost, as it can take a year or more to bring a new project to approval. Having supervision and project preparation missions back to back could also result in budget savings.

93. Completion is the last step in the supervision process. It is a process that should be undertaken by the borrower and IFAD to report on implemented activities, describe the results achieved, promote accountability, elicit lessons learned and define an appropriate handover strategy. The learning dimension of the completion process should be regarded as fundamental in identifying improvements that can feed into future scaling-up project design and implementation arrangements.

[24] This supports the argument for making sure project design has sufficient built-in flexibility to allow financing of the preparation of a scaled-up successor, where appropriate. In the case of an MIC, the government may opt to undertake this preparation itself from its own funds. Concerns about continuity and the ongoing availability of IFAD's technical expertise may mean that a government will prefer to include preparation of a successor project in the current operation, regardless of how this preparation is to be funded.

Programme/project reviews

94. Country results reviews (CRRs) and project status report (PSR) are the main tools for rating performance and should assess of whether the approaches/models innovated that are being implemented are suitable take to a larger scale – through government bodies in the context of national policies, donors, other partners, or poor women and men and their organizations.

95. The CRR/PSR should also be an instrument for reporting on intermediate results while the programme/project is being implemented. Divisional annual portfolio reviews should analyse how effective programmes/projects are in scaling up successes or implementing scaling-up plans. Real-time reporting of results is important in order to avoid delays and disruptions in the programme development and implementation process. Requiring a formal ex post evaluation for a scaled-up follow-on project or additional financing for an existing project will cause long delays and undermine efforts to achieve scaling up. It is important, therefore, to have more regular and reliable reporting systems in place.

96. Projects that are being implemented successfully are potential candidates for early scaling up. The project team may agree with the government to begin work on taking the project to scale by expanding the results beyond the scope initially planned. The process for doing this will depend on the specifics of the scaling up to be done. IFAD financing could be provided through the Fund's additional financing procedures or by processing a new project within the broader programme initially envisaged under the RB-COSOP.

Self-evaluation and scaling up

97. Conducting a formal evaluation when the project is fully disbursed may take a year or more and substantial resources. While in most cases it may be sufficient to capture the data needed for decisions about scaling up during the period when the loan or grant is still disbursing, there may be situations where the performance of a project calls for a more rigorous and independent evaluation. While this may introduce some delay, the cost is lower than that of an imperfect design being taken to scale. The project team and its managers should consider, at the midterm review stage or during the last year of disbursements, when the scaling-up decision should be taken and whether to wait for a full evaluation after disbursements end. In certain circumstances, they could commission an independent evaluation of the project before it closes or link into the ongoing impact evaluation efforts in IFAD's Strategy and Knowledge Department.

98. Evaluation of scaling up should answer questions along the following lines:

- How suitable was the concept/theory/approach to scaling up in the light of the implementation experience?
- How did the capacity of the implementing agencies develop?
- What is needed to ensure that implementing agencies maintain or build additional capacity needed to take a programme to scale?
- How did the drivers (leadership, incentives, etc.) and the spaces needed for scaling up (organizational, policy, fiscal, political, cultural, etc.) change during project implementation? What needs to happen for scaling up to take place?
- What constraints to scaling up remain and how could they be addressed?
- What new opportunities for scaling up have emerged since the project began and how could they be realized in the future?
- How financially sustainable is the programme? What key actions are needed to maintain or increase financial sustainability?
- Was partner engagement as expected? How will it ensure scaling up? What needs to be done to maintain partner engagement?

- How likely is it that the programme will deliver development results on the scale envisaged at approval? What could increase the scale of results from successor projects?
- How well is the M&E system performing? Will it continue to measure programme performance after the project is completed?
- Has the government been able to address the main policy constraints relating to a scaling-up strategy?

Cross-country and South-South knowledge transfer and investments

99. A project designed as part of a scaled-up programme is a source of knowledge for other projects in the country or for similar projects in other countries. IFAD staff have a particular interest in sharing knowledge derived from experience in scaling up because this is a corporate priority. The thematic scaling up notes that have been produced are intended to facilitate exchanges and prepare the way for South-South and triangular collaboration. South-South exchange of experience on scaling-up approaches could be a very effective way to enlist support from other countries and project teams and learn from real-life experiences and practical problem-solving approaches to scaling up. Knowledge-sharing could also serve as a platform for leveraging financing and investments from one country to another for specific areas, with IFAD playing the role of broker or agent of innovative scaling-up approaches.

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Annex 1: Analysis of the risks of scaling up

From an IFAD perspective

1. *Programmatic risks* are risks in programme design, implementation or operations such that foreign support fails to achieve its objectives or contributes to the other three categories of risks listed below. Design risks include developing a project that is inappropriate to the context, and overestimating the capacities of the implementing agency and suppliers. Implementation risks include a lack of qualified bidders, slow implementation, inadequate monitoring and poor contractor performance. Operational risks consist of the inability of counterparts to operate and maintain the project and fund these activities, lack of complementary inputs, the project not being used or the counterpart institutions not being strengthened.
2. *Contextual risks* relate to broader, non-project objectives of aid and can be divided into developmental and strategic risks. Developmental risks include failure to achieve broader outcomes from the aid intervention such as poverty and growth targets, increased inequality, lack of overall institutional development and declining public revenues and governance. Strategic risks, sometimes referred to as political risks, are linked to declining state credibility, non-constitutional challenges to government, increased violence and trafficking, deteriorating foreign relations for the recipient country, and lack of improved coherence and coordination in international assistance.
3. *Institutional risks* for the donor can involve deteriorating IFAD relations with the recipient country, loss of credibility with IFAD's authorizing environment, a shift of resources from longer-term development to shorter-term humanitarian instruments, and inability to operate in the country for reasons such as deteriorating security. Reputational risks affect the institutional standing of IFAD and can be a consequence of risk outcomes from all types of risk. They are related to how the Fund identifies and manages these risks and responds to risk outcomes.
4. *Fiduciary risks* relate to money and resources going astray during their transfer or the implementation of a donor-funded intervention.

From a borrower perspective

Risks are likely to be highest in a fragile situation, moderate in an LIC and lowest in an MIC. They can include the following:

1. *Sovereignty risks* related to the government not being aware of donor-funded activities (unlikely to be an issue with IFAD finance), support being provided with conditionality and allocative distortions in public spending caused by externally driven priorities.
2. *Capacity risks* that involve weakened public institutions if financing is provided in a way that does not build sustainable national capacity – for example, creation of project implementation units, poaching of borrower staff.
3. *Sustainability risks* related to chronic dependency on donors if assistance does not build national capacity or address medium-term funding issues. It is also related to a lack of medium-term predictability of external finance. Changes in donor policies, inability to raise cofinancing, reduced donor financial resources, or donor responses to political events in the recipient country can lead to abrupt changes in financing.
4. *Economic risks* attributable to macroeconomic imbalances when activities of foreign partners in the country drive up the prices of non-tradeable goods and wages, and the private sector is crowded out owing to lack of finance and labour market distortions.

Risk	Possible risk outcomes from scaling up
Risks to IFAD	
Programmatic *Mixed-risk outcomes*	• Larger scale and more selectivity should mean greater development results and better programme outcomes, but only if the project is well designed. • The pilot project could fail and no scaling up occur, but the cost would be less than that of a full-scale project that fails. • Scaling up could be beyond the capacity of the implementing agency and be delayed or even fail. • Counterparts may be unable to operate a large-scale project. • Insufficient inputs (e.g. skilled labour, materials) may be available for a scaled-up project. • Incremental project beneficiaries may be poorer and unable to pay for the service.
Contextual *Mainly lower risks*	• Larger scale should mean greater contribution to a broader agenda, e.g. national-level poverty reduction, but only if the project is well designed. • A scaled-up programme could serve as a platform to attract cofinancing from other donors and to improve overall aid coordination. • Larger scale could generate greater inequalities in income or horizontal inequalities that lead to increased crime, political instability or violence. • The sector or theme chosen for scaling up may not be very relevant to the broader challenges facing the country.
Institutional *Mixed-risk outcomes*	• Reputation for facilitating scaling up successfully in fragile situations would help in IFAD replenishment given that development results and value for money are donor priorities. • Failure to scale up programmes in fragile situations could result in IFAD appearing to be a marginal player or even irrelevant. • Scale-ups financed by non-sovereign debt or guarantee instruments could affect IFAD's finances if they fail. • Corruption scandals may be more visible with larger programmes, leading to reputational damage that affects IFAD replenishment.
Fiduciary *Probably higher-risk outcomes*	• Scaling up may mean that the risk of funds going astray is higher than it is with small, ring-fenced projects or with larger programmes involving multiple actors. • Scaling up should avoid agencies where money is likely to be diverted if they prove unable to deliver scaled-up programmes, so that fiduciary risk would be lower.
Risks to the borrower	
Sovereignty *Mixed and probably lower risks*	• IFAD's corporate strategic priorities and country programmes are usually well aligned with borrower priorities – sovereignty risks are higher with bilateral assistance from Organisation for Economic Co-operation and Development (OECD) countries. • Scaling up programmes with donor cofinancing would dilute donor encroachment on sovereignty. • Scaling up with non-marginal programmes or projects might lead to policy conditionality related to organizational arrangements, financing of operating costs, etc.
Capacity *Mixed*	• Ensuring capacity is put in place is a core element of well-designed scale-ups. • IFAD staff might promote implementation arrangements that bypass government and its systems in order to accelerate scaling up.
Sustainability *Higher risks*	• Larger programmes and projects could magnify any issues in financing, cost recovery, staffing, etc., that might not exist with smaller-scale conventional approaches. • IFAD might scale back funding before the scale-up is fully completed, owing to staff changes or changing priorities. • Reaching scale might require donor cofinancing that does not materialize. • Large private-sector projects could face financial difficulties that require the government or IFAD to restructure their balance sheets, e.g. related to debt service, if there were external shocks.
Economic *Small but costly risks*	• Government default on private-sector project contracts could trigger a default on non-sovereign debt or calls on guarantees. • Governments could pledge natural resource revenues or take on excessive debt to finance scaling up, particularly in rural infrastructure sectors.

Source: McKechnie and Davies (2013),