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Comments of the Independent Office of Evaluation of IFAD on the Country Strategic Opportunities Programme for the Republic of Peru

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For: Review

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I. Background and general comments

1. In 2017, the Independent Office of Evaluation of IFAD (IOE) completed a country strategy and programme evaluation (CSPE) in Peru covering the period from 2002 to 2016. In 2018, the Government of Peru and IFAD signed an agreement at completion point as a basis for the preparation of the country strategic opportunities programme (COSOP) for 2019 to 2024.
2. The results of the IFAD-Government partnership were positive overall. The CSPE observed significant improvements in beneficiary households' assets, community empowerment and community management of natural resources. It found that several knowledge products, including studies and videos, had been produced to document project achievements, such as working with natural resources, campesino life insurance and development of business plans.
3. At the same time, the CSPE identified areas for improvement such as refining targeting approaches at the project level. Some innovative concepts used in the past, such as the "territorial approach", which IFAD pioneered in Peru at the end of the 1990s, had received decreasing attention over time. Coordination with other partners, such as the World Bank, the Food and Agriculture Organization of the United Nations and the European Union did not receive sufficient attention.
4. The main recommendations of the evaluation were to:
 - (a) Refine the targeting strategy in order to reach the poorest people;
 - (b) Resume the territorial approach in economic corridors and emphasize the urban-rural relationship and income diversification;
 - (c) Integrate climate change as a strategic thrust of IFAD-promoted interventions;
 - (d) Bring methodologies and instruments drawn from IFAD-funded interventions to the attention of policy makers; and
 - (e) Implement a strategic partnership approach to generate synergies with other international institutions.
5. The new COSOP includes three strategic objectives:
 - (a) Increase small-scale producers' resilience and productivity (including the reduction of production losses, protection of natural resources and diversification to non-agricultural activities);
 - (b) Sustainably improve small-scale producers' access to markets (through support to marketing, business skills and financial services); and
 - (c) Strengthen institutions (e.g. government, producers) for rural and agricultural development (through inclusive consultations on policy dialogue and other actions).
6. The proposed COSOP is broadly consistent with the CSPE's recommendations. The COSOP marks a revival of the territorial approach and provides an outline of its main features (i.e. rural-urban linkages, support to value-chain development and public-private alliances, and partnerships with regional and local governments).
7. However in several cases, strategic directions are formulated in broad terms. Given that the Government and IFAD previously devoted attention to documenting experiences and innovations in the country, the COSOP could have

been formulated more concretely if it had it made reference to specific experiences and lessons learned in past years. Some examples of this are provided in the following section.

II. Specific comments

8. In the case of targeting, which was an important aspect of the CSPE findings and recommendations, the new strategy proposes continuing a geographic emphasis on poor and dispersed rural areas in the highlands, which are vulnerable to environmental and climate shocks. This is a wide geographic characterization and more information on the specific regions of focus, would have made geographic targeting more precise.
9. The COSOP underlines the importance of reaching vulnerable groups such as women, youth and indigenous peoples. Specific provisions for these three groups include:
 - (a) Dedicated analysis at the design stage;
 - (b) Measures to create awareness of IFAD programmes and encouragement to join them during implementation; and
 - (c) Training and capacity-building activities.
10. The COSOP could have dedicated more attention to CSPE findings on factors that prevent very poor people from participating in project activities. For example, the CSPE found that project requirements for beneficiaries to provide monetary contributions (as opposed to contributions in labour or in-kind) discouraged participation. This is a simple yet serious source of bias against people who are most in need, and deserves serious consideration in strategic planning, as well as in the design of future projects.
11. Partnerships are key to bringing to the forefront IFAD's experience in rural poverty reduction and rural development in Peru. The new COSOP envisages partnerships with the Rome-based agencies, international financial institutions, bilateral development finance institutions and technical agencies including the Asian Development Bank, Inter-American Development Bank, International Bank for Reconstruction and Development, Andean Development Corporation, Spanish Agency for International Development, French Development Agency, German Agency for International Cooperation, and United States Agency for International Development. However, it would have been useful to identify topics of common interest that provide opportunities for synergies. In principle, the selection of key themes for collaboration and the identification of comparative advantages should drive the choice of partners.
12. The COSOP envisages partnerships with the private sector, which would be facilitated by an outreach mission carried out by IFAD's Partnership and Resource Mobilization Office, by the relocation to Peru of IFAD technical advisors with experience in facilitating access to markets. While this is an important step forward, clarification on the priorities for such partnerships (e.g. processing, trading, standard setting, and certification) would have helped to illustrate future plans.
13. Regarding natural resource management and climate change adaptation, the discussion in the COSOP document is rather succinct. However, the document is supported by appendix V, which provides: a detailed assessment of the country's vulnerability following the Social, Environmental and Climate Assessment Procedures; and recommendations on how to enhance resilience through interventions in several sub-sectors. This appendix also explores opportunities for international cofinancing.

14. The section on innovation summarizes the envisaged areas of action, including sustainable and climate-smart production, access to inclusive and risk-mitigating financial services, and training youth for employment. All these appear promising for rural development and poverty reduction. However, more concrete examples of innovative practices emerging from IFAD projects or being elaborated through IFAD grants would have emphasized the importance of the proposed lines of action.
15. A positive element of the COSOP is its attention to nutrition-sensitive agriculture. The document notes that 25.3 per cent of rural children under 5 years are affected by stunting (49 per cent in rural households headed by native language speakers). Importantly, the COSOP identifies the problem as poor food quality, reflected in a limited intake of proteins and micronutrients – not just a limited quantity of food. In its proposed lines of action, the COSOP reiterates the importance of improving food processing and storage to reduce food losses at farm sites. It also highlights measures to enhance community awareness of nutrition security.

III. Final remarks

16. IOE acknowledges the efforts made in the new Peru COSOP to follow up on the recommendations of the 2018 CSPE in line with the agreement at completion point. It remains available for support as required.