



Republic of Peru

Country strategy and programme evaluation

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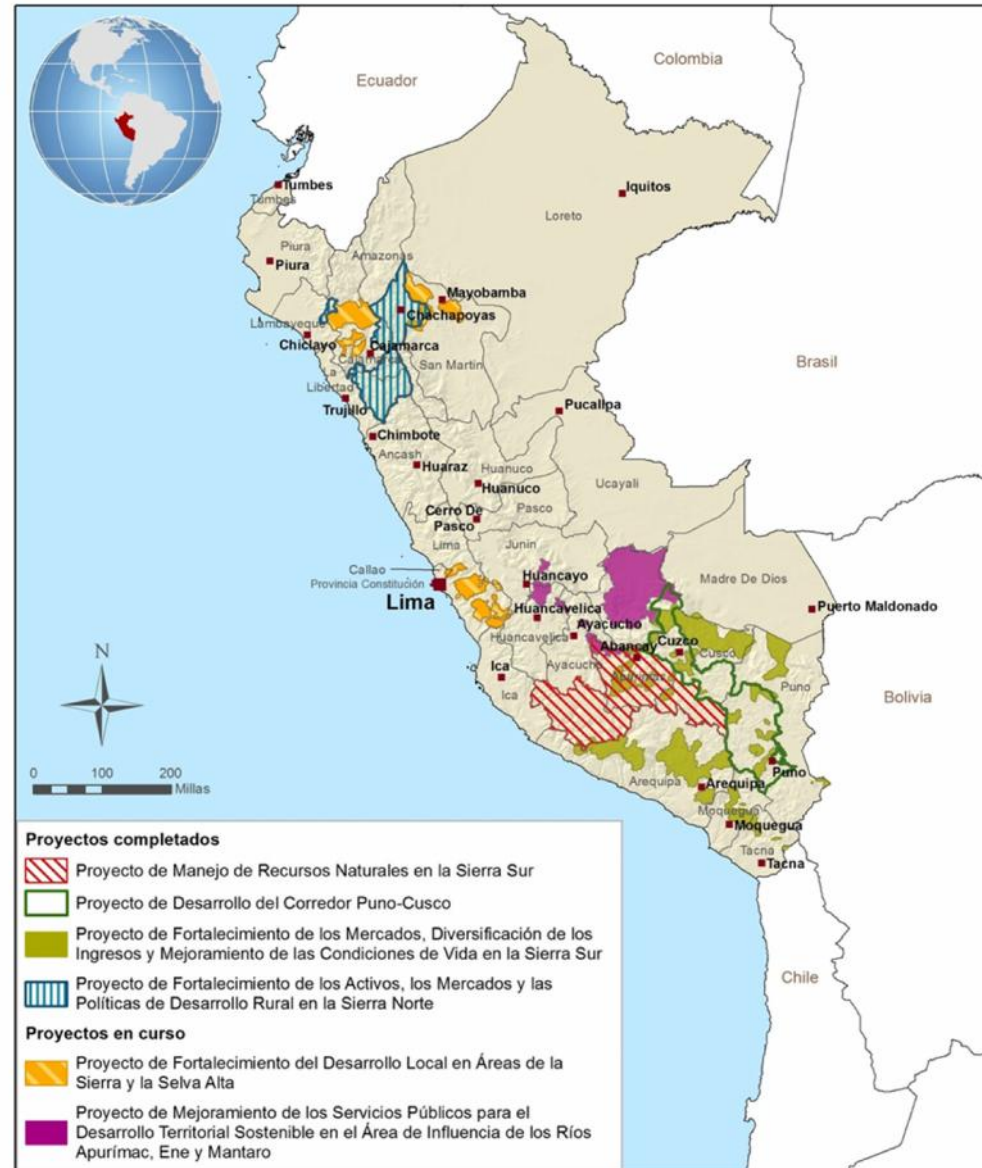
Independent Office
of Evaluation

**IFAD**
Investing in rural people

Background information

- **10 projects** since 1980 (US\$352m)
- **Geographical coverage:** northern and southern highlands
- **Evolution** in the portfolio
- **IFAD presence** in Peru since 1995
- **CSPE scope**
 - Period: 2002 – 2016
 - 6 projects (US\$217M)
 - Non-lending activities
 - Performance of partners
 - COSOP 2002 and 2009

República del Perú Operaciones Financiadas por el FIDA (2002 - 2016)



Country context

- **Poverty incidence** halved since 2004: 42,4 % (2004), 20,7 % (2015)
- **Urban and rural poverty rates:** rural 44% (2016), urban 14% (2016)
- **83%** of the poorest are employed in the agricultural sector
- **Inequality** did not reduce in the same proportion



What value added has IFAD generated and what should its role and contribution be in the future?

Main results

Portfolio performance: strengths

- **Alignment** of operations and **geographic targeting**
- **Satisfactory impact on rural poverty reduction attributable to IFAD's operations** (12.6% decrease in poverty in the Southern Highlands and 22% in the Northern Highlands)
 - Income increase and diversification
 - Improvement in physical and natural assets
 - Empowerment of smallholder farmers and women
- **Accumulation of experiences** → **innovation and scaling-up**

Main results

Portfolio performance: **challenges**

- “**Barriers to entry**” limited the participation of the poorest and most vulnerable
- Weakening of the **territorial approach to development** and **economic corridor**
- Lack of a climate change **adaptation and mitigation strategy**
- Important decline in the capacity to promote **innovation**

Main results

Non-lending activities and COSOP: strengths

- **Knowledge management** key to innovation, scaling-up and policy dialogue
- **Country level policy dialogue:**
 - Local Resource Allocation Committees
 - Decentralization
 - Public policies
- **Partnership building:**
 - Good partnership between IFAD and the Government of Peru
- **COSOP** alignment and effectiveness of the portfolio



Main results

Non-lending activities ad COSOP: challenges

- **Lack of coordination** with IFIs, UN, local governments
- **Limited impact of country level policy dialogue:** scarce influence in the rural development agenda and long-term strategic themes
- **Scarce strategic orientation of the COSOP**



Conclusions

What value added has IFAD generated and what should its role and contribution be in the future?

- The specialized role of IFAD in promoting smallholder agriculture has been and will continue to be important for the government of Peru
- The partnership between IFAD and Peru and the impacts achieved are remarkable
- Future challenges:
 - Portfolio (targeting, territorial approach)
 - Non-lending activities (partnership building and policy dialogue on strategic themes)
 - COSOP (design with a programmatic approach)

Recommendations

- 1. Refine the targeting strategy to reach the poorest people.** The next phase of projects should pay special attention to reaching the poorest through more effective targeting strategies. One immediate line of action could be to change the "barriers" to entry and generate variable incentives that enable the poorest people to participate.
- 2. Bring back the territorial approach** in the immediate future given its enormous importance to effectively meet the development challenges of rural areas. This approach should be revisited with concrete measures to link interventions under a territorial approach.

Recommendations (cont.)

3. **Incorporate climate change as a strategic thrust in IFAD-promoted interventions.** Adaptation to climate change by rural sectors should take high priority in the design and formulation of projects and interventions, and the coordination and management of strategic partnerships is doubly important with other donors and financial entities that are increasingly interested in climate change and the related challenges for the future of the planet.

4. **Adopt a programmatic approach to COSOP preparation,** including an action plan for non-lending activities conducive to:
 - Broader use in public policies of key methodology and instruments from IFAD interventions;
 - Implementation of a strategic partnership approach that generates synergies with other financial institutions

Thank you for your attention

