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Fostering Inclusive Rural Innovation: The Case of INCAGRO in Peru

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Both women and indigenous peoples face key barriers that limit their capacity to access and benefit from development projects. In a country like Peru where women and indigenous peoples represent a large share of the rural poor, integrating proactive measures into project design is crucial to reach these populations. The Peru Agricultural Research and Extension Program ("INCAGRO") gave great emphasis to designing financing instruments that would give equitable opportunities to indigenous peoples and women's organizations. This "en breve" will describe how INCAGRO integrated indigenous peoples and women's organizations into its activities to strengthen the market for agricultural services.

Agriculture plays a dominant role in the Peruvian economy: about 80 percent of the rural poor are employed in agriculture and fishing. Over the past several years, government policies have led to an opening of the economy, thereby increasing pressure on the agricultural sector to be more competitive. The INCAGRO Project (2000-2010) aimed at contributing to the expansion, strengthening and institutional development of the rural innovation system to make it pluralistic, decentralized and demand driven. INCAGRO focused on two main issues: strengthening the market for agricultural services, and consolidating the national agricultural research system by co-financing collaborative research activities and capacity building.

INCAGRO's Competitive Fund

INCAGRO established a Competitive Fund in order to strengthen both the agricultural services supplied as well as the articulation of the demand for these services. The

Competitive Fund provided co-financing to research and extension sub-projects as well as to training workshops, pre-professional internships and local forums. It brought together small producers and service providers to ensure that services offered responded to producer demands. The Project benefits included agricultural services to provide training, advisory and networking services to farmers on production, commercialization, marketing, organizational and leadership issues. To make the Competitive Fund more accessible to the indigenous peoples and women's organizations, INCAGRO set up specific financing terms, eligibility criteria and selection processes.

Financing terms

The Competitive Fund adopted proactive measures to overcome common access barriers for indigenous and women producers. Flexibility was introduced in the size of subprojects financed, where women and





preparation in sub-projects presented by women's organizations and/or indigenous producers (see below). And finally, if indigenous communities and/or women's organizations wished to apply to larger sub-projects with larger co-financing requirements, their proposals were allocated extra points during the selection process.

Eligibility criteria

The Project established eligibility criteria to target indigenous peoples by ensuring that beneficiary producers who applied to the special funding scale were active members of peasant or native (respectively Andean or Amazonian indigenous) communities or of women's organizations. Eligible service providers could be individuals or institutions (public or private, national or international) that were actively engaged in providing capacity building and technical assistance services. Producers could then select their desired service providers who supported them in the formulation and execution of projects. Other public or private entities with an interest in contributing to the success of the sub-projects were also given the possibility of collaborating with time, funding or advice.

Selection process

To overcome economic, social and cultural barriers related to participating in a competitive selection process, a differentiated process was designed for indigenous communities and women's organizations. Simplified competition and negotiation processes included: local demands identification for, capacity

indigenous producers often presented sub-projects smaller than other producers. Sliding scales were used for co-financing percentage requirements – where women and indigenous projects were only required to co-finance a minimum of 15% of the total amount of the sub-project in contrast to 25%- 35% for other producers. In addition, more intensive support was offered for project

building workshops for putting together project concepts, personalized advice for proposal preparation and direct negotiation of financial terms with the selection committee. Unlike for the regular sub-projects, indigenous communities had the option to reformulate their project concepts and proposals as needed before the final deadline.

IMPACTS

These proactive measures led to the creation of 155 business plans from these groups, of which 117 agricultural extension projects came from indigenous producers and 38 from women's organizations¹. For the vast majority of participants this was their first time elaborating a business plan or in managing public sector grants and handling their related requirements.

For women and indigenous peoples to take advantage of new consumer demands for agricultural products they require access to organizational, technical and management skills in order to be able to compete with other producers². Learning to create and manage a small project helped to build capacities amongst women's organizations ranging from crafts, commodities like coffee, milk and meat, to medicinal plants and gastronomy.

Creating a culture of payment for agricultural services like training and technical advice is known to help make services more client-oriented and to better identify demand and manage quality control of services³. INCAGRO showed that poor rural communities are willing to pay for services. Indeed, 77% of the producers surveyed said they are likelier to pay for services since



¹ Agricultural Research and Extension Project Phase II, Adaptable Program Loan (APL) II, Implementation Completion and Results Report, ICR # 1961, 2011

² The World Bank, Gender in Agriculture Sourcebook: Module 7, Gender in Agricultural Innovation and Education, 2009

³ The World Bank, Gender in Agriculture Sourcebook: Module 7, Gender in Agricultural Innovation and Education, 2009

their participation in INCAGRO. Through INCAGRO, 37% of producers observed changes in the numbers of women hired in productive activities with a convergence between remuneration for men and women.

For both indigenous communities and women's organizations, about 80% of the demand for innovation and agriculture services was geared towards training workshops on commercialization and organizational capacity issues. Beyond productive and commercial gains, field interviews indicated that the increase of self-esteem gained through learning to manage a project was priceless. The confidence that this created among women's groups and indigenous communities is key to strengthening entrepreneurship. Most projects focused on how to develop capacity, gather existing knowledge and access it – not on technology development. A study on indigenous peoples and women in INCAGRO (see table below) showed that INCAGRO's support to livestock, agribusiness, and handicrafts proved to be a successful strategy. For instance, handicrafts in the regions of Huancavelica and Puno have offered an important alternative in the face of decreasing alpaca fiber prices and became the only activity sustaining family income.

Feedback from Producers	
Innovation	76% adopted technology, practices or knowledge through the Competitive Fund
Competitiveness	60% attribute the increase in incremental productive capital to the Competitive Fund
Services	81% say they are likelier to better link up with knowledge agencies since participating in the Competitive Fund
Sustainability	Returns on investment reached 24% ⁴ for the Competitive Fund projects

However, training is not sufficient to foster sustainable changes. In order to be sustainable, women and indigenous entrepreneurs need to have access to comprehensive agricultural services packages that include training, technical assistance, monitoring and coaching. Nevertheless, very few agricultural services providers offer this complete range of services. In this sense, creating linkages and partnerships between different agricultural service providers through the form of business incubators would help increase the sustainability of rural entrepreneurship.

⁴ For projects with counterpart funding

LESSONS LEARNED AND CHALLENGES

Elsa Laureano de La Cruz

"We are 115 partners grouped in 9 committees in the districts of Satipo, Rio Negro and Rio Tambo. We have an executive committee organized by women in each committee. We produce coffee. Through the feminine coffee project co-financed by INCAGRO we received technical training achieving production from 10 to 15 quintiles. We learned to manage our productive units' agronomy and administration. Our commercial production is important because there is great demand from the market of coffee produced by women. With INCAGRO's financing we were trained and learned how to manage a business, leadership and accounting. We feel like business women because we manage our own farms. The training workshops are attended by men and women because we all need to be trained."



Three factors play a role in securing access to project resources and successfully managing them: ownership, self-esteem and cultural identity. Ownership of the project proposals contributed to the success of the projects. Indeed, applicants who formulated their proposals without involving women's organizations were less successful than the ones who had. Indeed, sub-project implementation was easier in the cases where women had participated in the sub-project design. Self-esteem consists of valuing one's self image which generates a self-confidence that is crucial to personal and professional growth. This is very relevant for rural and indigenous women, especially illiterate women who have expressed their lack of self-esteem was a considerable barrier for being able to compete in



equal terms with men. INCAGRO integrated the gender approach in its training sessions which included the issue of self-esteem and leadership. Cultural identity is a prevalent reality in a multi-cultural country like Peru. The richness and variety of the regional customs and practices has strong potential for creating associative strength between producers, generating local development and overcoming poverty.

A study on indigenous peoples and women in INCAGRO showed that the majority of indigenous peoples and women's organizations demands focused on improving capacity development, accessing knowledge and building collaborative environment (creating producer associations and partnerships with public or private entities). In addition, a survey showed that projects that targeted a greater population managed resources more efficiently and reduced transaction costs. For follow-up projects the challenge will be to overcome the mistrust that hinders most producers to organize on a larger scale. In this sense, mechanisms should be established to encourage larger-scale association of indigenous groups and women's organizations.

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Defining indicators that can show whether women and indigenous peoples' needs were addressed by the project is important to measure the level of inclusion achieved by a project. To achieve this, project design should differentiate between target beneficiaries, i.e. women, indigenous peoples, other beneficiaries, from early stages and thus allow for improved tracking of inclusion and benefits. Below are examples of questions that can be used to differentiate information on women and indigenous people from the rest of the beneficiaries.

Generating information on women	Generating information on indigenous peoples
Differentiating "who does what", "who has access to what", "who decides what"	Identifying which community customs and local knowledge will be most valued economically
Identifying in the social group concerned the % of men and women	Integrating indigenous peoples' demands, needs and roles into project design
Identifying a project impact that is favorable to women	Identifying a project impact that is favorable to indigenous communities

In the last five years, the Ministry of Agriculture and the Ministry of Women and Social Development showed increasing interest in integrating women and indigenous peoples in development projects through innovative financing mechanisms. The challenge now is to find new sources of funding to support this effort in a sustainable way that fosters equitable opportunities and stimulates rural entrepreneurship and agricultural productivity.

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