

Haku Wiñay: An Economic Inclusion Program in Peru

Introduction

Against a backdrop of intense social, political, and economic transformation in its rural areas over the last decades, Peru introduced Haku Wiñay, an economic inclusion program aimed at creating economic gains among the most disadvantaged rural households. The intervention, implemented by the Ministry of Development and Social Inclusion (MIDIS), draws on both new and traditional methodologies, relying on participatory decision-making by organized households, community-level trainers, and community structures.

At its core, Haku Wiñay is characterized by (1) flexibility to adapt the intervention to the productive, social, and cultural dynamics of each rural territory; (2) empowerment of the participating households that play a key role in implementing the local design of the intervention; and (3) recapture of the lessons learned from previous interventions in order to scale them up.

To implement Haku Wiñay, MIDIS relies on the Social Development Cooperation Fund (Foncodes). An agency of the Peruvian government created in 1991, Foncodes was part of a generation of demand-driven rural development programs promoted by several cooperation agencies at the time. Since then, Foncodes has become an important and innovative rural development actor (Asensio 2019) that has been attached to various ministries and, since 2011, has been part of MIDIS. Foncodes is in charge of implementing Haku Wiñay, applying its personnel, methodologies, and experience to the benefit of the program.

Haku Wiñay is primarily a livelihoods intervention that overlaps significantly with Peru's predominant cash transfer program, Juntos. Introduced in 2006, Juntos provides mothers in poor households with a bimonthly payment in exchange for fulfilling a series of conditions relative to their underage children's education, nutrition, and health. Although Juntos is thought to be an important approach to social protection, questions remained about how to sustain economic inclusion of households when their children aged out of eligibility for the program.

Haku Wiñay employs this theory of change: improving the economic inclusion of the rural poor is possible by strengthening a virtuous circle among productive improvements, home improvements, income generation, and market access through capacity development, asset enhancement, and promotion of economic opportunities. The intervention has aimed to simultaneously increase households' income and improve their food security, resulting in expanded economic inclusion of the rural population and greater resilience once the cycle of conditional transfers of the Juntos program ends for a family when its children age out of eligibility. Initially, Haku Wiñay and Juntos were envisioned as complementary—that is, the programs would generate a path for families receiving the conditional transfer to continue to receive support once their children had become ineligible for Juntos. In practice, efforts to limit Haku Wiñay to Juntos participants proved to be infeasible, and now Haku Wiñay operates even in areas where Juntos does not.

This case study provides insights into how economic inclusion programs can leverage proven and accepted community structures and integrate them in a national program strategy with a view toward replication and scale-up. Participatory decision-making and the engagement of community project management systems and community trainers (*yachachiqs*) have helped Haku Wiñay scale up its work. Replication in certain contexts has required significant adaptations, as well as giving implementers the freedom to apply locally relevant microstrategies that take into account the various contexts of rural poverty found in Peru.

Context

Inequality has characterized Peru's growth story. Poverty in Peru dropped from 58.7 percent in 2004 to 20.5 percent in 2018. This decrease was among the most prominent in Latin America, but it also coincided with an increasing disparity between rural territories—that is, between those that had successfully connected to economic growth dynamics and those that had remained (and remain) at the margins. Widening gaps have also been evident between those households that have successfully engaged in growth dynamics by diversifying their incomes and those that have been challenged to do so.

Recent growth in Peru has also coincided with intense social, political, and economic transformations. The country is urbanizing rapidly, moving away from being a primarily rural economy. As a result, effective territorial management and integration between the capital, Lima, and the large and intermediate cities have become challenging. Lima remains highly populated compared with the rest of the country and contains the largest concentration of the country's wealth and human capital. Even so, the country has seen significant improvements in recent decades. Expanded public services, new road construction, stronger local governments, diversification of economic activities, and the rise to power of mayors with rural farming and peasant backgrounds have all helped to address the challenges. However, these developments have coincided with a surge in conflicts linked to the management of natural resources and the use of public funds, as well as with poverty rates that remain significantly higher in rural areas than in urban areas.

Although challenges remain, in the last few years significant changes have affected the economic and social dynamics in rural areas. Positive trends are evident in educational achievement and the empowerment of women, both through schooling and through improved access to control over agricultural holdings, and advances in infrastructure and rural connectivity are being made as well. Overall, a dependence on farming activities is declining because these activities are being replaced by paid work and employment in the services sector.

The Ministry of Development and Social Inclusion emerged during the first months of President Ollanta Humala's administration as part of an effort to reorganize the country's social protection and inclusion policies, grouping them under the leadership of a single ministry. MIDIS is founded on the *human development* approach, and so it is committed to activating and multiplying the potential of low-income families. It has aspired to become the axis of social policy for the Peruvian state through a comprehensive life cycle approach that addresses the different stages of life of the most disadvantaged populations and a multidimensional approach to well-being. MIDIS's short-term strategies included providing direct assistance programs to enable households to access basic resources.

In both the medium and long term, MIDIS has sought to provide conditions for families so that they themselves can undertake the social and economic strengthening that would allow a break in intergenerational poverty. In doing so, MIDIS has assumed

two responsibilities, which in other countries may correspond to two ministries: (1) it coordinates and ensures the implementation of social policy among sectors and levels of government; and (2) it implements the most important social safety net interventions, including the conditional cash transfer program (Juntos) and the school feeding program (Qali Warma).

Haku Wiñay coverage, targeting, implementation, and cost

Haku Wiñay owes its creation to the confluence of three factors. First, a window of political opportunity opened during the first years of the Humala administration, making it possible to design a new style of social program with an emphasis on productive inclusion. Second, a community of academics, experts, and practitioners emerged who focused on development policy, extracted lessons, and proposed new economic inclusion initiatives. And, third, there had been a long-standing tradition of economic development and inclusion interventions in Andean rural areas—one that had generated knowledge that accumulated in public institutions, among nongovernmental organizations (NGOs), and among rural households that interacted with social programs and development interventions.

Social inclusion interventions in Peru developed considerably during the 1990s, when a series of demand-driven programs, supported by international aid and technical assistance, were introduced. Programs such as Foncodes and the National Program for the Management of Water Basins and Land Conservation (Pronamachs) were early efforts that bore lessons for Haku Wiñay, as were the experiences of several Peruvian NGOs and international cooperation programs, including the Puno-Cusco Corridor Program developed by the International Fund for Agricultural Development (IFAD). These programs helped to overcome the economic challenges faced by rural Peruvians during the 1990s and contributed to a decline in rural poverty in the first decade of the 21st century.

By 2010, however, a growing consensus among academics and policy makers was that these interventions were insufficient to tackle persistent rural poverty. A new strategy was needed—one that would draw on prior lessons and leverage the strength of the growing Peruvian economy. Haku Wiñay was envisioned as an approach that would leverage the experience and lessons of the past to create an innovative program tailored to the new economic context of Peru's rural areas.

Haku Wiñay was launched in 2014, building on the lessons of a pilot program, Mi Chacra Productiva, launched two years earlier. Haku Wiñay's objective was to provide rural households with the tools they needed to take advantage of new opportunities arising from the dynamics of economic growth through the improvement and diversification of agricultural production and rural market access. Haku Wiñay was conceived as a time-bound intervention consisting of four components over a three-year period. Each household remains in the program for a maximum of three years, divided into three stages:

- Stage 1, *implementation*, covering components 1 and 2 of the program
- Stage 2, *appropriation*, covering component 3
- Stage 3, *consolidation*, covering component 4

These components and the accompanying productive assets and technologies are outlined in more detail in box CS4.1.

BOX CS4.1 Haku Wiñay's Components and Accompanying Productive Assets and Technologies

Component 1: Strengthening and consolidating rural family production systems

Each home receives two to four visits each month from a local operator, known as the productive *yachachiq*, who provides individualized technical assistance, training, and productive assets. The primary goal is to help households implement productive assets and technologies and to train households in their use. The productive assets and technologies offered vary according to the local area and market dynamics. They can include small irrigation systems at the household level, open field vegetable gardens and rustic greenhouses, cultivation of associated pastures, smaller animal breeding management (guinea pigs, hens, sheep), improvement of Andean crops (grains and tubers), management of cocoa and coffee cultivation in mountain areas, and other productive investments with local impacts (such as barns for alpacas, beekeeping, mini-parcels for producing rice, and *cochas* for aquaculture and fish processing).

Component 2: Improvements for healthy homes

Technical assistance from the productive *yachachiqs* also focuses on home improvements such as installing better stoves and appropriate safe water and solid waste disposal systems. The productive assets and technologies offered include improved kitchens, safe water, solid waste management, and other improvements in the home's organization and health (such as separation of spaces). This component also includes assistance and guidance on healthy practices, which are coordinated with local health establishments.

Component 3: Promotion of inclusive rural businesses

Groups of households work together to prepare a business profile to be publicly supported by CLAR (Local Committee for the Allocation of Resources) through a business plan competition. The executing nuclei (groups of 80–100 rural households created ad hoc for implementation of the project) provide winning groups with specialized technical assistance (assets and services) according to the type of business. These services are offered by technicians and professionals, including the financial *yachachiqs* (see component 4).

Component 4: Capacity building, providing training in financial literacy, and promoting savings

All households participating in Haku Wiñay receive training in simple financial operations. This training is carried out by specialists, financial *yachachiqs* (not the productive *yachachiqs*). Often the training is carried out jointly with the Juntos program. Component 3 business groups can also receive more complex training in the financing of inclusive businesses.

Current coverage

As of April 2020, over 246,000 households had received support from Haku Wiñay, including the some 115,000 homes where the Haku Wiñay cycle of intervention has concluded. These numbers represent a significant scale-up in coverage in the Peruvian context. According to the current targeting criteria, it is estimated that Haku Wiñay has reached approximately 47 percent of homes that could potentially fulfill the requirements to participate in the intervention.

To scale up, Haku Wiñay has followed an incremental approach to deploying efforts in new territories. Progressively, new departments have been incorporated, and coverage has been extended to other regions throughout the country. From the southern highlands to the northern highlands and the jungle, Haku Wiñay is present today in all of the country's regions, except for the department of Tumbes, where the target population is not significant in number. In 2013 Haku Wiñay expanded to the departments of the Peruvian jungle. In this region, the program is called Noa Jayatai (“We are going to grow” in the Shipibo language). The operating scheme is similar and includes the same four components, although with some adaptations to respond to the social and economic contexts of the jungle regions. Similarly, productive technologies and home improvements are also adapted to the local cultural context.

Targeting

Beneficiaries are able to self-select into the program in predetermined program implementation areas. These areas are selected based on a high incidence of rural poverty and with a view toward minimizing potential discord. The central criterion for selecting areas of intervention has become the predominance within each community of homes with subsistence economies. To define this in operational terms, Haku Wiñay looks at farmland utilization as an indicator. *Subsistence economy* is defined as a household with a property of less than 1.3 hectares (the median size of national plots, according to the agricultural census of 2012). In addition to this central criterion, as of 2020 Haku Wiñay beneficiaries are characterized by the use of 75 percent or more of available household labor for agricultural activities; the use of 75 percent or more of property for agricultural purposes; and simultaneously, limited sales and market value of agricultural production.

Although Haku Wiñay households overlap significantly with Juntos recipients, engagement in Juntos is no longer an explicit inclusion criterion for Haku Wiñay. Other guidelines for the selection of implementation areas include location in districts with over 40 percent of households living in poverty; in priority districts for the reduction of chronic child malnutrition; in areas with at least 40 households; and in areas in which 60 percent or more of households exhibit at least one unmet basic need.

Implementation

Implementation of Haku Wiñay relies on oversight by government agencies and the participation and support of households and communities. As noted, the program is overseen by Foncodes, an agency within MIDIS that is staffed primarily by both agricultural science professionals and social science professionals. Increasingly, Foncodes and MIDIS are leveraging the rise of a new generation of professionals who have farming and peasant backgrounds and who have benefited from university training. They can therefore leverage both training and a deep knowledge of local culture and practice.

Haku Wiñay is implemented with the support of its so-called *executing nuclei*. The concept of executing nuclei as an avenue for program delivery was inherited by Haku Wiñay from previous Foncodes interventions. Executing nuclei are groups of 80–100 rural households created ad hoc for implementation of the project. Each nucleus has a board of directors whose members have been selected by the beneficiaries or users of the intervention. The executing nuclei are in charge of the funds received to finance Haku Wiñay activities and pay the *yachachiqs*. The nuclei have communal legitimacy because they are integrated and directed by members of the community, and they are not involved in determining who participates in the program—the program is open to

all households in the selected areas. They also create bureaucratic efficiency because of their ability to receive and manage funds from the public budget, authorized by a special rule established when Foncodes was founded. Executing nuclei are supervised and supported by local Haku Wiñay offices, which also approve their formation.

For the front-line delivery of technical assistance and training to households, Haku Wiñay relies on the farmer-to-farmer training model, based on the figure of the *yachachiq* (or trainer). Meaning “the one who knows” in the Quechua language, the *yachachiq* is a local expert hired to train his or her neighbors or households in nearby communities. *Yachachiqs*, selected through a public contest held by the Foncodes regional office, are largely responsible for the delivery of Haku Wiñay components 1 and 2, with the support of the professionals who work in Foncodes’s regional offices. One of the advantages of engaging *yachachiqs*, in addition to their knowledge of the local language, is that they are embedded in the communities’ sociocultural dynamics and therefore have privileged insight into their area and into the characteristics and needs of rural families. The use of *yachachiqs* has worked well in regions where there is already a critical mass of peasants with experience of working with social programs and NGOs. By contrast, it has been more challenging in areas where the concept of *yachachiqs* is more nascent.

When deciding how the program will be implemented in their communities, Haku Wiñay households have ample margin for autonomy. The first two intervention components (technology transfer for improving the farm and the home) are designed in such a way that each community can adapt them to their own particular social and economic dynamics.

Productive assets and technologies transferred to households

Haku Wiñay offers users a menu of potential productive assets and technologies to be transferred, as well as a menu of home improvements. Each community must select from both the technology and home improvement menus which improvements it will implement, up to a limit of \$1,700 per household. This selection is made collectively at the executing nucleus level through a community diagnostic workshop held prior to the intervention itself. The technologies included in the menu have been validated as operational and sustainable in contexts of low resources (for additional detail on the various productive assets and technologies, see box CS4.1). To implement these technologies, participants count on guidance from Haku Wiñay and, in some cases, from other state institutions that deliver certain supplies or assist in training or logistics issues. As participants in the intervention, households are required to help with the installation of these technologies (as unpaid labor) and commit to their sustainability.

Promoting market access through inclusive rural business groups and competitions

To further improve the population’s income, Haku Wiñay encourages the development of inclusive businesses and facilitates market links. Inclusive business group participants are chosen through competitions carried out at the end of the second year of the intervention. Inclusive business groups consist of three to five Haku Wiñay recipients seeking to carry out common productive activities, or the commercialization of agricultural products, or both. The winning groups receive special training and support to launch their activities during the third year of the intervention. The most common inclusive businesses are textiles and ceramic crafts, bakery and gastronomy, rural

tourism, dairy products and by-products, small animal rearing for sale, fish farming, and cattle fattening.

To further develop their businesses, the winning groups rely on Foncodes's support for resources, advice, and efforts to establish active market links. Support of these rural inclusive business groups stimulates small business opportunities, which may mean pursuing transactions with provincial capitals and previously inaccessible markets. In addition, Haku Wiñay, either directly or in collaboration with municipalities, encourages small-scale opportunities for trade, such as weekly fairs or festivals targeting a certain product. In such venues, participants can sell their products in an environment less daunting than that found in traditional markets.

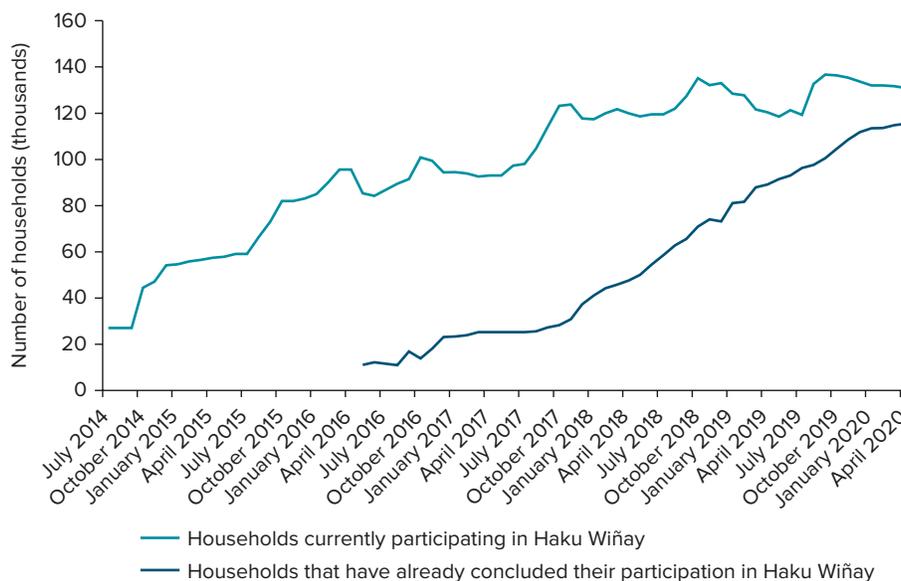
Funding and costs

The activities of Haku Wiñay are funded by the government as a budgetary line item, replenished on an annual basis. The Haku Wiñay intervention costs roughly \$1,700 per household across three years of the intervention. Figures CS4.1 and CS4.2 show the intervention's evolution and the budgetary investment. Between 2012 and 2018, Haku Wiñay received 1,031 million nuevos soles from the Peruvian government (approximately \$310 million).

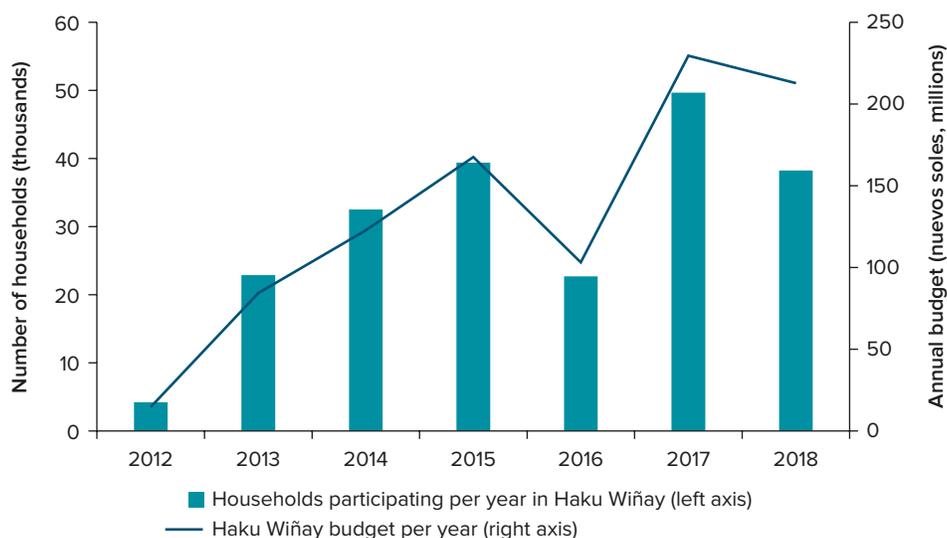
Impacts and results

Haku Wiñay has been the subject of several studies and evaluations that speak to the program's operations, results, and impact. The most important quantitative evaluation was carried out by Escobal and Ponce (2016), although it was conducted at an early stage of the development of Haku Wiñay and in a limited number of regions. This evaluation found an average increase of 7.8 percent in the incomes of the households in the

FIGURE CS4.1 Number of Households Participating in Haku Wiñay, July 2014–April 2020



Source: Info MIDIS, <http://sdv.midis.gob.pe/Infomidis/#/>.

FIGURE CS4.2 Number of New Participant Households in Haku Wiñay per Year and Annual Budget, 2012–18

Source: Info MIDIS, <http://sdv.midis.gob.pe/Infomidis/#/>.

program compared with the households in the control group (Escobal and Ponce 2016). These increases, which mainly affected households that participated in component 3 (inclusive businesses), were accompanied by a change in income generation strategies: the percentage of income from independent work or work based on self-employment increased, while the percentage of income from dependent work, including agricultural labor for others, decreased, indicating that households were now more autonomous. From a subjective point of view, 67 percent of households perceived their own income to be higher than before the intervention. In food security, the evaluation found statistically significant changes in the production of vegetables and greens, as well as in the number of chickens, guinea pigs, and eggs produced. Subsequent qualitative studies have shown results along the same lines—that is, a significant but limited impact on income and a greater impact on food security (Díez Hurtado and Correa Aste 2016). A pending new quantitative evaluation is intended to study the evolution of the program in recent years in a greater number of regions, including jungle departments.

Almost all studies of Haku Wiñay point to a heterogeneity of results and outcomes. Differences are associated both with each household's participation in the program and with the characteristics of the territories where the intervention is being carried out. At the territorial level, studies such as that by Asensio, Fernández, and Burneo (2016) have found that the level economic dynamism of each territory correlates with the success experienced by families. In rural areas with relatively dynamic markets, the Haku Wiñay interventions enable families to access productive assets to take better advantage of these dynamics. In areas with less dynamism, the results are more limited. At the participant level, studies show that individual dispositions and household characteristics, including the relative economic condition of the household and levels of interest in engaging in the program play a role in levels of success (Escobal and Ponce 2016). Further studies are expected to examine factors such as how the program could be influenced by psychological variables, including perceptions of what can be achieved on the farm and perceived control over life events (Aldana et al. 2018). See box CS4.2 for a discussion on the gender-related dimensions of Haku Wiñay programming.

BOX CS4.2 Gender Dimensions of Haku Wiñay

The design of Haku Wiñay does not include an explicit gender-based approach. Nevertheless, the program may, as implemented, facilitate more progressive perceptions of women's roles that go beyond those assigned by traditional gender systems, and facilitate the inclusion of women in community decision-making opportunities, such as in the executing nuclei. In these meetings, women may acquire skills and abilities that they later may put to use in other areas of community life, although this was not an explicit goal of Haku Wiñay.

Women's participation is noteworthy in the productive business component, but it is hard to quantify with precision. Their increased participation may stem from the fact that these businesses often focus on new areas of family productive activity. Generally, in Andean areas the prevailing division of labor sees men tending to work in consolidated businesses, whereas women work in new businesses.

Women's participation in Haku Wiñay's activities may be more intense in areas with higher economic dynamism and more limited in areas with lower economic dynamism. This difference results from the higher opportunity costs of areas with greater economic dynamism, leading men to prefer activities they consider to be potentially more lucrative. If so, men are more likely to delegate participation in meetings and training sessions to their wives as assigned users or "in representation" of their husbands. In less dynamic areas, the opportunity costs are lower, and frequently men are still in charge of representing their households.

Díez Hurtado and Correa Aste (2018) find that women in communities participating in Haku Wiñay have a larger number of businesses and report greater satisfaction with their lives and achievements. However, the authors also find scarce to no impact in socioemotional indicators such as self-esteem, persistence, or ambition, or in indicators related to decision-making in the home.

Moving to scale by institutionalizing lessons and community structures

Haku Wiñay emerged from a desire among government officials to create a path for the economic inclusion of the rural population, to enable the poor to leverage the rising economic dynamism of Peru. In the context of the human development perspective adopted by MIDIS with its commitment to activating and multiplying the potential of low-income families, an initial diagnosis of the poverty traps of Peru's rural households revealed three interrelated factors: untapped human capital, low productivity, and lack of access to markets (Trivelli and Vargas Winstanley 2014). To address these challenges, the design of the intervention included the following strategic commitments: (1) to empower users to decide the concrete ways in which the program was to be implemented in their communities; (2) to go back to and expand the characteristics of previous successful interventions; and (3) to adopt strategic and tactical flexibility to collectively face emerging problems and ensure implementation of the intervention.

The government of Peru has implemented Haku Wiñay by leveraging previous lessons on what works in the Peruvian Andean context, in particular the value

of community-based trainers. Yachachiqs are common figures in rural development and economic interventions carried out in the Peruvian Andes (Asensio 2016). They emerged in the 1980s as part of international development efforts to generate culturally relevant intervention models—that is, interventions adapted to Andean social and cultural dynamics. Since these early experiences, yachachiqs have been utilized by many other rural development interventions (run by NGOs and by the Peruvian government) to the point that they are now a standard mechanism of development interventions in the country’s southern highlands. Haku Wiñay also relies on these individuals, and it has extended their work to regions where they had not previously operated. To carry out their work, yachachiqs receive training from specialists in the regional office, and in turn they are responsible for training participants and households. During the last few years, financial yachachiqs have emerged. They advise participants on the inclusive business and financial issues included in the program’s fourth component.

The government of Peru has also effectively institutionalized the implementation of Haku Wiñay through the executing nuclei. Executing nuclei are not a Haku Wiñay innovation but rather an adaptation of a preexisting concept (Asensio 2019). They were created in the 1990s by the Peruvian government to facilitate the implementation of demand-driven programs. Special legislation established from the inception of the executing nuclei program allows them to directly receive funds from the Peruvian government, even when they do not have the legal status usually required. They can make financial, legal, and administrative decisions on developing business plans, opening bank accounts, hiring professionals, buying supplies, and receiving contributions from the community (such as donations of unskilled labor) and local governments. Each executing nuclei has a board consisting of four representatives elected by a general assembly in which all user households participate. They fill the positions of president, secretary, treasurer, and prosecutor. In addition to the executing nuclei, the program is further institutionalized by the Central Executing Nuclei (NEC), which channels Foncodes’s resources at the district or provincial levels.

Moving to scale up through programmatic adaptations, targeting practices, and localized microstrategies

Several programmatic adaptations and adjustments have marked Haku Wiñay’s successful scale-up. The Haku Wiñay pilot program was launched in June 2012 in two districts of the department of Ayacucho in the Andean region—one of the poorest departments in the country. The 1,683 households participating in the pilot program also participated in Juntos because initially Haku Wiñay and Juntos were intended to complement one another so that families receiving the conditional transfer would continue to receive government support once their children had aged out of Juntos.

In practice, limiting the Haku Wiñay intervention to recipients of the Juntos cash transfer proved impractical and detrimental, and so, as noted earlier, it was changed. The wide dispersion of the homes that received conditional transfers worked against the territorial logic of Haku Wiñay’s design because it made it difficult to integrate the executing nuclei and the work of yachachiqs. Meanwhile, “negative narratives” quickly emerged among the rural populations, such as Haku Wiñay’s purpose was to “replace” Juntos. Because Juntos was highly regarded by the rural population, these narratives fostered anxiety about Haku Wiñay. As a result, many potential participants refused to engage in the intervention, or they abandoned it during implementation of the pilot program. Households excluded from Haku Wiñay because they were not part of Juntos felt unfairly treated because they considered themselves to be “as poor” as their neighbors who had been included in the intervention. They felt that, in addition to the “injustice” of not receiving Juntos, they now faced the injustice of being unable to join

Haku Wiñay. These factors created an environment of suspicion and misunderstandings around Haku Wiñay, and so the notion of including only Juntos beneficiary households was abandoned.

In fact, Haku Wiñay realized that including better-off households in the community in the program would be a driver of successful livelihoods and income-generating activities. Better-off households likely already had some ongoing business, had commercial links, knew about local value chains, and could help shore up a critical volume of economic activity to allow buyers and input providers, such as veterinary support, to engage in business in poor towns.

In the end, the targeting practices allowed the entry of participants from Juntos areas, and not just Juntos-recipient households. Participating communities were selected on the basis of the presence of Juntos, but once communities were selected, participation in Haku Wiñay was open to all households wishing to be part of the program, regardless of whether they participated in Juntos. This solution—using Juntos as a proxy for identifying poor communities—prevented the problems stemming from microtargeting at the household level, which could in turn result in conflict between neighbors and accusations of favoritism. The approach also allowed Haku Wiñay to avoid being seen as a “substitute” for Juntos.

Subsequently, since 2017 the presence of Juntos has not been a central criterion in the selection of the communities where Haku Wiñay intervenes. Instead, the central criterion has become the predominance of homes with subsistence economies within each community (Apoyo Consulting 2018). Programmatically, this revision may present some drawbacks as well. The presence of Juntos is likely key to ensuring a minimal level of cash and consumption support for the poorest households, although this has not been definitively confirmed by an assessment of the real impact of an overlap with Juntos.

Tactical flexibility and the adaptation of microstrategies that local program implementers use to take into account the various rural contexts, have allowed Haku Wiñay to succeed and scale up in the widely varying regional and cultural contexts of Peru. Haku Wiñay provides those implementing the intervention in the field with significant operational autonomy and the ability to modify microstrategies (Asensio, Fernández, and Burneo 2016). These microstrategies are informed by localized experience and allow adjustments as the program is developed in each community. For example, in communities where men migrate seasonally or have other occupations, training activities are carried out with their wives, regardless of whether they are the intervention’s “official” users. Other microstrategies include the use of small raffles to encourage participation in certain activities, or informal agreements with municipal officials to facilitate the use of machines or collective transportation vehicles, or the organization of fairs and festivals where the population can sell their products. This latitude for decision-making at the margins is considered essential to adapt to each community’s unique characteristics and its economic and social dynamics.

In practice, Haku Wiñay, like most social programs, is a centrally designed intervention, but one that takes shape in the field through locally relevant implementation and inputs to households. Flexibility allows the intervention to be adapted locally and prevents the program from collapsing in the complicated universe of Andean communal micropolitics. The result is an intervention that evokes relatively low levels of conflict compared with other initiatives developed by MIDIS, such as Qali Warma, the national school feeding program, or Juntos.

Lessons

At present, Haku Wiñay has reached more than 246,000 households nationwide. It is well regarded by most of the population and has some noteworthy achievements,

including higher agricultural production, improvements in the household conditions of rural families, and improvements in food security. Its experience with the economic inclusion of Peru's rural poor bears lessons for the field of economic inclusion at large.

Institutional lessons

Haku Wiñay leverages the know-how accumulated by previous development interventions as well as by Peruvian local populations, and it has effectively institutionalized these elements. Key community structures and established practices, including *yachachiqs*, “farmer to farmer” methodologies, executing nuclei, and business competitions, resulted from these previous experiences and have helped to position Haku Wiñay for success. A culture that values innovation and learning has been strengthened, focusing on testing innovations via different projects, which are then subject to evaluation or debate by academia, international agencies, and private actors. The process has benefited Peru's development landscape and Haku Wiñay as a program.

Successful implementation of Haku Wiñay requires that implementers be sensitive and responsive to the heterogeneous and changing dynamics of the country's rural contexts. The skills required go beyond just technical and professional capabilities. In the years to come, Haku Wiñay and other economic inclusion interventions in Peru will likely need to select and retain personnel with the characteristics and skill sets needed to work in rural contexts that require flexibility and a capacity to make decisions on the ground. The scale-up of Haku Wiñay to date is due, at least in part, to having utilized a new generation of professionals who are from the same regions in which the program is being implemented, and so they are familiar with the local and cultural contexts. Some are also specialized in the relevant technical areas or in social development and have benefited from university training, which has given them the technical know-how and deep knowledge of social dynamics needed for such a program.

Investing in strengthening specific features of government institutional cultures is important. Scaling up economic inclusion in Peru will require institutional cultures that promote and encourage local flexibility and capabilities. It will also require institutional cultures that favor the creation of interdisciplinary teams so that knowledge in various disciplines and skills can be combined when adapting interventions to conflict-affected, heterogeneous, changing rural contexts.

Programmatic lessons

Haku Wiñay's focus on aligning its efforts with the local Andean cultural dynamics has been a significant asset, but it does make replication of efforts in other areas of Peru challenging. A significant part of Haku Wiñay's success lies in a design informed by experience accumulated over decades of rural development interventions in the Andes. Replicating this approach in other areas of Peru, with their different social dynamics or where a different history of interaction with rural development interventions has prevailed, has been difficult. As a result, Haku Wiñay has been less successful in the Peruvian northern highlands and in jungle areas (Asensio, Fernández, and Burneo 2016; Díez Hurtado and Correa Aste 2016). These societies are not familiar with the notions of *yachachiqs* and executing nuclei, and they lack local equivalents.

Haku Wiñay's experience demonstrates the value of a market link approach, which can contribute to economic gains by households, but also carries its own challenges and risks. Haku Wiñay attempts to link households with small rural producer markets. Without these efforts, the impact of the program is likely to be much smaller, reach

fewer people, and dilute more quickly. Such interventions can gradually bring rural producers closer to markets and increase household incomes, but they come with significant costs and can distort markets. By paying users' transaction costs, Haku Wiñay may end up harming other, more dynamic autonomous producers. Required, then, is consideration of the potential systemic impact of interventions on the economic dynamics of each territory.

Increasingly, the key tenets of Haku Wiñay's theory of change—that is, the importance of rural production and the centrality of the community as a space for decision-making—are shifting, likely requiring changes in its programming approach. Haku Wiñay has adopted an approach that, at its core, regards agricultural production as the main driver of economic well-being of rural families. Many studies show, however, that increasingly rural households, especially the most dynamic ones, embrace complex income-generating strategies that no longer depend exclusively on agricultural production. Rural families also often have complex residential strategies, which involve their members moving between rural and urban spaces, temporarily or permanently. Thus Haku Wiñay's dependence on the community as a decision-making place for economic well-being is a premise that corresponds less and less with reality.

For Foncodes and MIDIS, the challenge in the coming years will be to offer economic inclusion interventions that attract an evolving rural population. Expanding secondary education in rural areas has created new expectations and abilities among the rural population, especially the younger generations. Although agricultural activities will continue to be important for many families, especially the poorest, it will be necessary to build complementary programs and promote an expansion of the Haku Wiñay menu to nonagricultural activities that reflect the evolving Peruvian rural context and take advantage of new opportunities.

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