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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-eighth Session
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PROGRESS REPORT ON THE IFAD INITIATIVE
FOR MAINSTREAMING INNOVATION

MAIN PHASE (2005-2007)

For: Information

Note to Executive Board Directors

This document is submitted for the information of the Executive Board.

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PROGRESS REPORT ON THE IFAD INITIATIVE FOR MAINSTREAMING INNOVATION

MAIN PHASE (2005-2007)

1. The purpose of the present note is to update the Executive Board on the progress made in the Initiative for Mainstreaming Innovation (IMI) Main Phase. The note follows on from the IMI Operational Framework for the Main Phase (EB 2004/83/R.2) endorsed at the eighty-third session of the Executive Board, in December 2004.

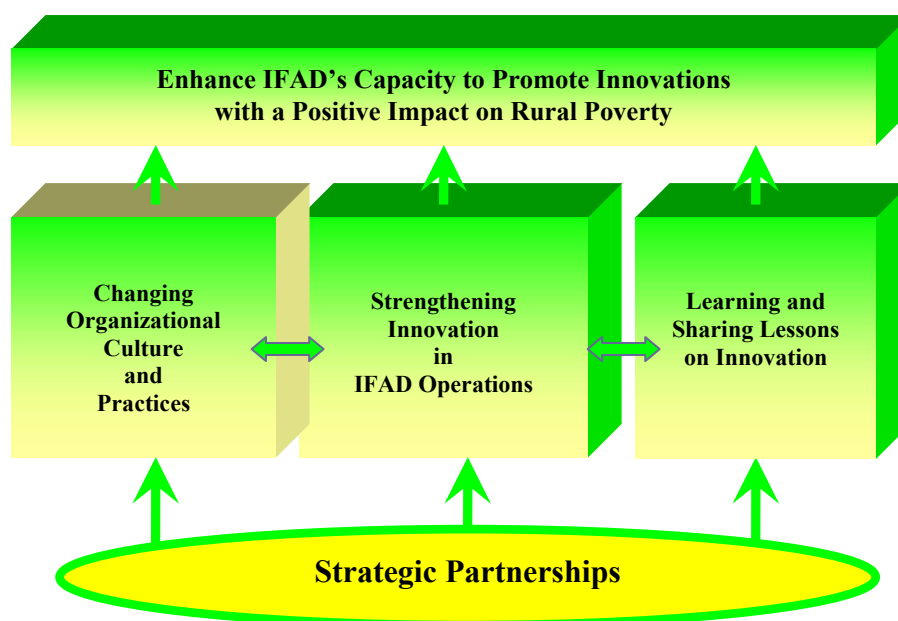
I. BACKGROUND

2. The IMI was set up in 2003, with funding of US\$10 million provided by the Department for International Development (DFID) of the United Kingdom of Great Britain and Northern Ireland, and IFAD's own resources, to strengthen the Fund's ability to be innovative and flexible. It was conceived as a two-phase undertaking, with a preparatory phase and a main phase. The IMI Operational Framework for the Main Phase was designed and published during the preparatory phase to provide IFAD with an overall systematic approach to innovation in response to recommendations made by the Office of Evaluation in the Evaluation of IFAD's Capacity as a Promoter of Replicable Innovation (EC 2002/30/W.P.3), as well as the Independent External Evaluation of IFAD (December 2004).

II. OBJECTIVES OF THE IMI MAIN PHASE

3. The broad goal of the IMI is to enhance IFAD's capacity to promote innovations that have a positive impact on rural poverty and to support the Fund's role as a facilitator, mediator, enabler and promoter of innovation. IFAD's ultimate goal is to mainstream innovation throughout the institution and all its operations. It seeks to achieve this through the three pillars of the IMI main phase (Figure 1). All three are underpinned by strategic partnerships.

Figure 1: The Three Pillars of the IMI Main Phase



4. The Operational Framework for the Main Phase identifies the need for three types of funding to support the goal of the phase:¹

- (a) IMI funds earmarked for essential corporate activities that are not appropriate for competitive funding: a total of US\$442,525 has been expended to date against an approved amount of US\$970,000.
- (b) IMI funds under the competitive bidding process (a centralized competitive allocation by the IMI screening committee complementing the ordinary grant programme and focused on IMI objectives, with a corresponding commitment of ordinary funds): a total of US\$619,171 has been expended to date against an approved amount of US\$1,797,388.
- (c) IMI funds earmarked for the rapid funding facility (a pilot, decentralized and rapidly disbursing grant facility with allocation and accountability at the division level): no requests for funding have been made to date.

III. MAJOR ACCOMPLISHMENTS OF THE IMI (2005 TO MID-2006)

5. Major IMI accomplishments during the period 2005 to mid-2006 include the following:

- recruitment of a full-time IMI policy coordinator;
- design of the IMI logical framework (logframe);
- design of the IMI work programme;
- establishment of a competitive bidding process;
- establishment of a rapid funding facility;
- organization of innovation brown-bag seminars;
- creation of IMI intranet website;
- organization of IMI workshop;
- contribution to the Governing Council innovation theme;
- funding of the first farmers' forum;
- facilitation of the IMI annual review (commissioned by DFID);
- provision of inputs on innovation training;
- implementation of the field immersion pilot programme;
- innovation in the performance evaluation system; and
- innovation in the Action Plan.

6. **The IMI policy coordinator.** A full-time IMI coordinator was recruited in February 2005 to manage the IMI secretariat and all IMI initiatives and to drive a culture of learning and innovation throughout IFAD operations by providing innovation inputs to key documents, work processes, training workshops and retreats. The IMI coordinator left in March 2006 to take up another assignment, and a new coordinator was appointed in July 2006.

7. **The logframe** produced in May 2005 during a participatory workshop includes indicators to measure the progress of the IMI.

Future plans: The activity-level indicators and database will be completed.

¹ For details, see annex II, Financial Statement (as of 30 June 2006).

8. **The work programme** for the IMI main phase (2005-2007) was finalized in May 2005 in conjunction with DFID. The logframe exercise identified three major goals and outputs: learning (2005), institutionalization (2006) and consolidation (2007).

9. **The competitive bidding process (see annex I for a list of approved projects).** The bidding process was instituted to fund innovative project proposals through a selective screening process and a swift funding mechanism that allows recipients to obtain funds in an accessible manner for projects not otherwise eligible within the regular grants programme. It allows proposals to be formulated without a preconceived “outcome or result” and with an element of risk, conditions that are both conducive to innovation. In addition, it encourages learning and knowledge-sharing through the opportunity of resubmitting proposals after refinement or the incorporation of more innovative elements. The IMI Secretariat drew up terms of reference for the innovation screening committee to define its role and also determined the methodology for selecting committee members to ensure cross-house representation. The guidelines for the screening process were developed to provide a framework and a unified set of criteria to be used in the scoring exercise. A questionnaire has been introduced in the most recent bidding round to facilitate the screening of the innovative content in project proposals. To date, a total of US\$1,797,388 has been awarded in the three bidding rounds through the submission of 17 proposals and the approval of ten (see annex I). A new call for proposals was made in July 2006.

Future plans: As part of a constant learning and refining process, membership on the innovation screening committee will be widened to include two external experts on innovation and possibly in-house experts who are more familiar with the specific domain of each proposal. A new committee will be established in the near future. Previous members will act as alternates to promote knowledge-sharing.

10. **The rapid funding facility** and terms of reference on eligibility, access and use requirements were put into place in July 2005, along with a direct allocation at the divisional level up to a maximum of US\$50,000 per year. The purpose of these funds is to “scout for and support innovation upstream of the project cycle and respond quickly to innovation support opportunities and needs, in particular those identified by field-presence-pilot staff, regional networks and IFAD staff and consultants.” To date, this facility has not been utilized, possibly due to the need for divisional matching funds.

Future plans: The organization of this funding facility needs to be reconsidered. The facility should support the innovation scouting activity more effectively.

11. **Innovation brown-bag seminars.** Lunch-time seminars were introduced as an informal way to encourage dialogue, debate and knowledge-sharing on issues that are not necessarily reflected in the institutional agenda. The five seminars held so far have been attended by IFAD staff, colleagues at the Food and Agriculture Organization of the United Nations and Executive Board directors. Three of the topics – Transformation of rural India, The role of ICT in poverty reduction, Alleviating poverty through private-sector development – reflect the growing success of partnerships between the private sector and local sectors in addressing rural poverty. The other two seminars have been more directly concerned with rural innovations (Systems perspectives on agricultural and rural innovation) and microcredit innovations (Modern forced labour: the challenges for rural development).

Future plans: The brown-bag seminars have all benefited from speakers invited by the IMI secretariat to speak free of charge. However, future demand-based brown-bag seminars with speakers proposed by other divisions may lead to the necessity for a fee payment in order to secure top-level experts to update IFAD on innovations in their respective fields. Furthermore, in-house speakers will also be invited to encourage learning and the sharing of experiences on innovation across IFAD’s work units.

12. **The IMI intranet site.** The IMI intranet website provides an accessible interface between the IMI and IFAD as a whole through the posting of innovation materials and information regarding brown bags, as well as promoting, with full documentation, all the project proposals that have successfully undergone the competitive bidding process.

Future plans: To give wider access, it is planned to upgrade and mainstream the IMI website by including it in the Innovation and Knowledge Management section of the corporate IFAD website.

13. **The innovation workshop.** A major workshop on innovation entitled *What are the Innovation Challenges for Rural Development?* was held in Rome from 15-17 November 2005. More than 100 people attended the workshop, including experts in innovation, researchers, IFAD staff and Executive Board members. The 30 presentations are summarized in the workshop report, *What Are the Innovation Challenges for Rural Development?*, which was made available at the 2006 Governing Council as a publication and as a CD-ROM. The workshop conclusions also served as a basis for the Governing Council panel paper on innovation. During the workshop, a global innovation network was proposed.

14. **Innovation theme of the Governing Council.** IFAD chose the theme “Innovation” for the Governing Council in 2006. Preparatory work for the panel discussion was initiated through a policy forum on the theme of the Governing Council and the creation of a policy reference group. Two externally commissioned background papers (“Innovation challenges, constraints and opportunities for the rural poor” [Poole] and “Pro-poor innovation systems” [Berdegúe]) and an issues paper (“Innovation Challenges for the Rural Poor”) provided the basis for an interactive discussion between the governors of IFAD and the invited panellists: Dr Makanjuola Olaseinde Arigbede, Dr Julio Berdegúe, Professor Ravi Kanbur, Ms Reema Nanavaty and His Excellency Matthew Wyatt (Ambassador of the United Kingdom). Ms Mishal Husain acted as moderator.

15. **The first farmers’ forum.** The IMI partially contributed, together with the Government of Italy, to the funding of the first farmers’ forum, held prior to the Governing Council, in February 2006, and attended by 53 representatives of farmer organizations at the national, regional and international levels in support of direct farmer involvement in policy dialogue. A final declaration was drafted and presented to the Governing Council by two representatives of farmer organizations.

16. **The DFID annual review.** As part of the IMI work programme, an expert was commissioned by DFID in February 2006 to carry out an annual review of IMI operations and mainstreaming of innovation throughout IFAD. Interviews were conducted at various levels, and an informal presentation of the findings was provided to the Executive Board directors. Three recommendations were made:

- to shift the focus of IMI activities to foster innovation outside IFAD by “scouting for innovations” in the field and to provide a systematic approach to harvesting such experiences that could become the basis for replicable models;
- to enlarge membership of the innovation screening committee to include two external experts on innovation; and
- to ensure conciseness in the concept notes for proposals in the competitive bidding rounds to avoid encumbering the whole screening process.

These will be taken into account within IMI processes, in close collaboration with Action Plan Working Group 2 and Working Group 3.

17. **Mainstreaming innovation through human resource initiatives.** Achieving IMI objectives also requires changes in IFAD's culture and practices and the mainstreaming of innovation. The IMI has collaborated closely with Human Resources (IFAD) to promote such change through the following initiatives:

- **Training.** In 2005, Human Resources organized for the IFAD management team a workshop on Foundations of Creativity and Innovative Problem Solving with further specific training during a follow-up workshop on Developing Leadership in Innovation. The "Foundations" workshop was then opened to all IFAD staff on a voluntary basis; a total of 188 staff members attended the one-day workshop, which was repeated over six sessions.
- **Performance evaluation system.** Innovation capacity is now one of the competencies in the performance system.
- **Field immersion pilot programme.** The pilot programme was developed to encourage hands-on experience and learning opportunities. The first field immersion took place in April 2006, when 12 participants, selected on a competitive basis from various IFAD divisions lived with rural communities in the Puno-Cusco Corridor project area. The location was chosen because it was considered particularly appropriate in view of its innovative activities.

Future plans:

- (a) A further round of innovation workshops will be offered to IFAD staff in 2006 to encourage and motivate interest in innovation on an ongoing basis.
- (b) A new field immersion is being planned for a different region in autumn 2006.
- (c) An appropriate system of incentives needs to be developed to motivate staff.

18. **IMI and the IFAD Action Plan.** Innovation has been recognized as a key theme, and it has been mainstreamed into the Action Plan through Working Group 3, which has a particular focus on knowledge management and innovation. (The IMI coordinator has been acting as head of the innovation subgroup since the end of July 2006.) The mainstreaming of innovation throughout IFAD requires widespread institutional change in culture and practices. Therefore, the two other working groups are also incorporating innovation into their work. For example, the proposed new operating model contains important elements of innovation.

Future plans: Working Group 3 is instituting an "Innovation Board" in the rural poverty portal that will allow the electronic posting of information on innovations directly from the field. As part of the Action Plan, an innovation strategy for IFAD will be presented to the April 2007 Executive Board with clear indications on how the institution intends to proceed and how it intends to adopt more innovative ways of working and of funding more innovative programmes. The IMI programme will therefore have to be reviewed in order to align itself to the wider objectives of the Action Plan.

ANNEX I

SUCCESSFUL IMI PROJECT PROPOSALS

IFAD DIVISION	NAME OF PROJECT AMOUNT APPROVED	AIM OF PROPOSAL
Approved 20 March 2006		
Technical Advisory Division	Learning and Knowledge on Innovations in Water and Rural Poverty (WRP) US\$200,000	The topic of water and rural poverty is important and highly relevant for IFAD. The proposal contains very interesting farmer-led activities and reviews that feed into regional strategies. The proposal contributes significantly to policy dialogue, to institution-building in the sector and to tightening the linkages between the field and IFAD's divisions.
Asia and the Pacific/Latin America and the Caribbean	Promoting Innovative Development Processes in IFAD through Cross-Regional South-South Cooperation. (Training of Afghan Agronomists on Horticulture through Chilean Experience and IFAD Assistance) US\$90,000	This proposal is innovative taking into consideration the difficult circumstances and the post-conflict situation. The project will provide training and technology transfer to six Afghan agronomists on horticulture in Chile. The proposal responds to the emerging and critical issue of providing farmers with an alternative to growing opium poppies. The proposal also responds to a political demand from both the participating countries, Chile and Afghanistan. It initiates South-South collaboration.
Approved 20 July 2005		
Near East and North Africa	Preventive Measures for Rural Outmigration, Trafficking and HIV/AIDS in Central and Eastern Europe and the Newly Independent States US\$195,000	This innovative proposal focuses on a recent and very important issue – the interlinkage between rural poverty, gender, trafficking and HIV/AIDS – that has received little attention from other development agencies. Outmigration and trafficking are coping strategies for poor rural people and, in Central and Eastern Europe and the Newly Independent States, rural areas are being depopulated. The proposal responds to this emerging and critical issue in the region through the field testing of new approaches to decrease outmigration and trafficking through economic empowerment. Although the proposal focuses on only one region, the results will be relevant to other regions.
Western and Central Africa	Institutional Analysis Practitioners' Guide and Training Support US\$200,000	This proposal will improve the design of projects through a better understanding of the institutional environment (including formal and informal rules) in which IFAD projects are implemented. Institutional analysis is very important, especially in demand-driven projects, and it is the basis for capacity-building. Better institutional analysis will not only improve the quality and impact of development projects on poverty, but potentially will also strengthen policy dialogue. The application of institutional analysis to local settings and project grass-roots is innovative.
Western and Central Africa	Promotion of Innovation in the Provision of Basic Financial Services to the Rural Poor: The Financial Services Association (FSA) model US\$123,488	The FSA is an IFAD innovation that was first developed in 1997. The aim of the proposal is to carry out a technical review in order to learn lessons from the implementation of FSAs and improve the FSA model with the goal of scaling up FSA programmes. This project can be considered a mainstreaming proposal, the mainstreaming of an IFAD innovation. Furthermore, it recognizes the concept that innovation is not a one-time event and that innovations need to be constantly refined and improved.
Eastern and Southern Africa	Land Tenure Security of the Rural Poor: Strengthening Innovation and Lesson Learning in Eastern and Southern Africa US\$200,000	Land tenure is an important issue that is currently not being strategically addressed by IFAD; the proposal intends to change this situation. The proposal is viewed as innovative because it involves the rural poor not only in action research on land tenure security, but also in policy dialogue activities. Furthermore, the proposal intends to feed the analysis of existing land tenure situations into the policy dialogue on land tenure; this rarely happens.
Approved 22 April 2005		
Latin America and the Caribbean	Promoting Market Access for Small-Scale Rural Producers US\$200,000	Market access is an important issue for IFAD, and the proposal tackles a weakness in IFAD country programmes through innovative means. It will support small-scale rural producers in accessing markets through an electronic information bank and will develop new forms of support and partnership.
Technical Advisory Division	Scaling Up the Use of the MIX throughout IFAD Rural Finance Interventions US\$198,900	This proposal is an initiative to mainstream innovation in results and impact monitoring for rural finance. It has a good mainstreaming approach, appropriate for scaling up and involving several partners in sustaining IFAD microfinance projects. The performance-based monitoring element in the approach is important and supports the development of the results and impact management system by expanding the system's capacity to deal with thematic subjects.
Technical Advisory Division	Mainstreaming IFAD's New Targeting Framework in the Project Cycle US\$190,000	This proposal is highly relevant to IFAD; it will directly help in poverty reduction efforts by improving IFAD's effectiveness in targeting. The proposal has an innovative targeting approach, a comprehensive framework for community-level targeting, which it seeks to develop and mainstream within IFAD.
Information and Communications	Rural Poverty Portal US\$200,000	The rural poverty portal is now an Action Plan deliverable. It was showcased at the Governing Council, and it has received recognition from IFAD members. There is a clear need for establishing a good, accessible, user-friendly portal for rural development information. The project contains innovative design elements.

ANNEX II

FINANCIAL STATEMENT
(As of 30 June 2006)

Name of Grant: Initiative for Mainstreaming Innovation

Donor: Department for International Development of the United Kingdom of Great Britain and Northern Ireland

SUMMARY			
	US\$		US\$
Summary of Resources:		Liquidity Status:	
Resources (Table 1)	8 154 297.67	Cash received (Table 1)	8 154 297.67
Approved commitments (Table 2)	<u>(3 633 859.00)</u>	Disbursements (Table 2)	<u>(1 901 218.00)</u>
Resources available for commitment	4 520 438.67	Cash balance	6 253 079.67

DETAILS		
Table 1: Resources		
	£stg	US\$
1 Dec 2003	400 000.00	689 439.00
26 Mar 2004	100 000.00	181 084.00
9 Feb 2005	1 000 000.00	1 857 799.91
6 Sep 2005	1 900 000.00	3 501 414.76
28 Mar 2006	<u>1 100 000.00</u>	<u>1 924 560.00</u>
	4 500 000.00	8 154 297.67

Table 2: Commitments and Disbursements

	US\$	US\$	US\$
Description	<u>Approved</u>	<u>Disbursed</u>	<u>Balance</u>
PREPARATORY PHASE			
Preparation work on the IFAD Initiative for Mainstreaming Innovation	(9 000.00)	8 688.90	(311.10)
Innovative monitoring of impact through MIX	(74 000.00)	71 146.00	(2 854.00)
Innovative targeting under community development funds	(73 000.00)	70 612.19	(2 387.81)
Rural Poverty Portal	(79 000.00)	78 900.55	(99.45)
Innovative strategies for land and water access to the poor	(75 000.00)	71 873.99	(3 126.01)
Scaling up of innovative small stock management practices developed by IFAD projects	(72 990.00)	68 856.34	(4 133.66)
Public-private partnership-building in IFAD	(75 000.00)	73 584.98	(1 415.02)
Market development support	(74 575.00)	74 574.08	(0.92)
Funding proposal for programmatic supplementary fund consultation workshop on the framework	(50 000.00)	47 460.73	(2 539.27)
The role of institutional analysis in the successful scaling up of innovation	(207 906.00)	201 847.01	(6 058.99)
Regional economist	<u>(76 000.00)</u>	<u>71 977.99</u>	<u>(4 022.01)</u>
Total preparatory phase	<u>(866 471.00)</u>	<u>839 522.76</u>	<u>(26 948.24)</u>
MAIN PHASE			
Competitive Bidding:			
Promoting market access for SSRP	(200 000.00)	62 266.85	(137 733.15)
MIX	(198 900.00)	107 695.97	(91 204.03)
Mainstreaming new targeting framework	(190 000.00)	55 867.89	(134 132.11)
Rural Poverty Portal	(200 000.00)	160 512.31	(39 487.69)
Institutional analysis practitioners' guide	(200 000.00)	55 055.55	(144 944.45)
Rural outmigration, trafficking and HIV/AIDS	(195 000.00)	98 886.49	(96 113.51)
Financial service association model	(123 488.00)		(123 488.00)
Land tenure security of the rural poor	(200 000.00)	73 134.70	(126 865.30)
Innovation in water and rural poverty	(200 000.00)	5 750.96	(194 249.04)
Cross-regional south-south cooperation	(90 000.00)		(90 000.00)
Corporate Activities:			
Networks	(50 000.00)		(50 000.00)
Competition	(40 000.00)		(40 000.00)
Innovation promotions	(200 000.00)	113 033.92	(86 966.08)
Web-based sharing	(50 000.00)		(50 000.00)
Learning tours	(70 000.00)	63 604.54	(6 395.46)
Travel by organizations of the rural poor	(140 000.00)	97 206.06	(42 793.94)
Training	(100 000.00)		(100 000.00)
Workshops and conferences	(120 000.00)	112 322.51	(7 677.49)
Salary/administration	(170 000.00)	31 227.08	(138 772.92)
Travel	<u>(30 000.00)</u>	<u>25 130.41</u>	<u>(4 869.59)</u>
Total main phase	<u>(2 767 388.00)</u>	<u>1 061 695.24</u>	<u>(1 705 692.76)</u>
Grand total	<u>(3 633 859.00)</u>	<u>1 901 218.00</u>	<u>(1 732 641.00)</u>

