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Enabling poor rural people
to overcome poverty

IFAD Initiative for Mainstreaming Innovation

Third Progress Report on the Main Phase

Executive Board – Ninety-fifth Session
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For: **Information**

Note to Executive Board Directors

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

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal points with any technical questions about this document:

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Abbreviations and acronyms

CGIAR	Consultative Group on International Agricultural Research
COSOP	country strategic opportunities programme
CPS	creative problem solving
IFPRI	International Food Policy Research Institute
IMI	Initiative for Mainstreaming Innovation
ISG	Innovation Services Group
RPR	Rural Poverty Report

IFAD Initiative for Mainstreaming Innovation Third Progress Report on the Main Phase

1. This report updates the Executive Board on the progress made in the main phase of the Initiative for Mainstreaming Innovation (IMI) during the period from December 2007 to October 2008. It follows on from document EB2007/92/INF.6 presented at the December 2007 Board covering the July 2006–November 2007 period and information note EB2006/88/INF.4 presented at the September 2006 Board covering the February 2005–June 2006 period.

I. Financial matters

2. As shown in the table below, approved allocations increased by around 13 per cent over the reporting period, resources received increased by around 23 per cent and expenditure increased by 56 per cent. A financial statement at 30 September 2008 is presented in annex II.

	<i>As at 30 September 2008</i>	<i>As at 31 October 2007</i>	<i>Variation percentage</i>
Resources (cash received) (thousands of United States dollars)	11 262	9 143	+23.17
Approved allocations (thousands of United States dollars)	8 548	7 561	+13.05
Allocations as percentage of resources	75.90	82.70	
Actual expenditure (thousands of United States dollars)	5 380	3 458	+55.58
Expenditure as percentage of resources	47.77	37.82	
Total number of projects approved	39	28	+39.28

II. An overview of major accomplishments of the IMI

3. A number of IMI-funded initiatives have been mainstreamed while others are on track to be mainstreamed into IFAD processes. New projects have been gradually phased out in order to step up monitoring activities.
4. Major IMI accomplishments during the reporting period include the following:

Innovative operations

- IMI's final competitive bidding round held, resulting in the approval of 11 new proposals, bringing the total to 39 with a total allocation of about US\$5.8 million (see annex for a list of approved project proposals).
- Preliminary groundwork, supported by IMI grant, completed for an IFAD land policy.

Partnership development

- Strategic partnership with the International Food Policy Research Institute (IFPRI) made operational.

Learning and sharing

- Innovation fair held in West Africa.
- An approach facilitating the identification of challenges used for Rural Poverty Report.
- Successful examples of rural poverty reduction collected and Web-based case study database created.

Cultural and organizational change.

- Additional in-house training provided in creative problem solving (CPS), bringing total staff participation to 64.
- CPS approach used in the organization of the direct supervision support function in the Western and Central Africa Division.
- CPS techniques applied during field workshops in the Sudan to design a new country strategic opportunities programme (COSOP) and a country supervision process.
- Field immersion took place in Azerbaijan.

III. IMI support to the IFAD Innovation Strategy

5. In the period under review, IMI operations have focused on activities that facilitate implementation of the IFAD Innovation Strategy and support the four clusters required by IFAD "to strengthen its innovative capabilities and become a better catalyst of pro-poor innovation": (i) building capabilities and understanding of challenges requiring innovation; (ii) nurturing partnerships and facilitating an innovation network; (iii) embedding rigorous innovation processes and the related risk management into IFAD's core business practices; and (iv) facilitating a more supportive organizational environment for innovation.
6. While this report could have been organized around the above clusters, it has been decided to maintain the structure of last year's report in order to provide continuity.

A. Innovative operations

7. Cumulative allocations under this heading amount to US\$5.8 million, representing about 67 per cent of total commitments.

Competitive bidding process

8. The IMI held its final competitive bidding round in February 2008. To encourage smaller projects and increase the number of projects approved, it only considered proposals requiring maximum IMI funding of US\$100,000. It also set a maximum project duration of 18 months to ensure harvesting of results within the time frame of the IFAD Strategic Framework 2007-2010 and early replication of successful innovations in IFAD's regular projects.
9. In contrast with previous bidding rounds, projects were also submitted by the Financial and Administrative Services Divisions and the Project Management Department. These projects generally focused on internal IFAD processes, on staff capacity-building (cluster (i) of the innovation strategy) and on institutional learning and knowledge-sharing – all seen as essential for transforming the organizational culture and supporting implementation of the IFAD Strategy for Knowledge Management.
10. Some IMI projects are reaching their completion phases. However, the implementation phase of many projects is slower than expected, often because of time pressures on staff.
11. In-house workshops were held this year to familiarize IFAD staff with tools such as participatory mapping and its potential uses in project design, and to provide staff with a deeper understanding of the challenges involved in climate change adaptation and mitigation. Workshops such as these contribute to building IFAD capabilities and are a critical part of knowledge management.
12. Some earlier IMI-funded initiatives have now been mainstreamed and are everyday tools in IFAD work. Examples are the Rural Poverty Portal and the Microfinance Information Exchange. Others, such as the studies on a new targeting framework and on land and tenure security, have resulted in the design of the IFAD Policy on Targeting and the IFAD Policy on Improving Access to Land and Tenure Security. Still

others have built on an initial idea developed in an IMI-funded initiative to create synergies and cross-divisional initiatives such as the community of practice on market access and value chains, which facilitates the sharing and exchange of knowledge among divisions about the best practices and the best institutions in this sector.

B. Partnership development

13. Cumulative allocations under this heading amount to about US\$0.5 million, representing 6 per cent of total commitments.
14. The strategic partnership with IFPRI, approved by the Executive Board in September 2007 (EB 2007/91/INF.4), has been further operationalized in the grant proposal being considered by the Board at its current session, to launch a joint action research programme. This IFPRI programme will be particularly relevant to IFAD's innovation strategy (clusters ii and iii) as its aims are to strengthen country programme capabilities for policy dialogue and innovation, and to develop and mainstream innovative policy solutions to emerging challenges confronting poor rural people in accessing high-value commodity markets and new environmental services markets.
15. Connections and partnerships are being established to create an ongoing collaboration with centres of excellence. Preliminary discussions took place in August 2008 to explore a new type of partnership with the United States-based Center for Creative Leadership for the provision of customized training services for country programme staff and of tailored capacity-building support for selected leaders of farmers' organizations or other grass-roots organizations.

C. Learning and sharing

16. Cumulative allocations under this heading amount to US\$0.8 million, representing 9 per cent of total commitments.

Knowledge management

17. IFAD's knowledge management strategy, with its four strategic components, shares many of the objectives and goals at the core of the IMI and of IFAD's innovation strategy. These components are (i) strengthening knowledge-sharing and learning processes; (ii) equipping IFAD with a more supportive knowledge-sharing and learning infrastructure; (iii) fostering partnerships for broader knowledge-sharing and learning; and (iv) promoting a supportive knowledge-sharing and learning culture.
18. Many IMI-funded projects were showcased at the open house event in June 2008 to launch the knowledge management strategy. Project originators presented publications and shared with other IFAD staff lessons learned and good practices emerging from the experience of the following IMI-funded projects:
 - Land tenure security: Preview of IFAD's draft land policy, Learning Note and the land website (approved in July 2005);
 - Indigenous peoples: Knowledge management tool and technique to monitor and evaluate the impact of their activities (approved in August 2007);
 - Participatory mapping: A better understanding of participatory mapping to explore learning emerging from these experiences (approved in October 2006);
 - Knowledge management approaches for pro-poor livestock and farming systems development as part of the brokering system for natural resource management (NRM) technical advisory services (approved in April 2008);

- Knowledge management tools and techniques to identify and analyse water governance issues (approved in February 2006);
 - Integrated knowledge management and monitoring and evaluation system (approved in April 2007); and
 - A learning and sharing methodology (devised by the Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty Alleviation Projects in Latin America and the Caribbean [PREVAL] and FIDAMERICA, the Internet-based regional network of IFAD operations (approved in April 2008).
19. While the showcased IMI projects represent only those nearing completion, they provide important examples of innovation in practice and also constitute an interesting portfolio of potential good practices for future projects. Dissemination is fundamental to help promote the adoption of tested innovations in new IFAD contexts or within existing project designs.
 20. The IMI participated in the event by presenting the IMI-funded Web-based knowledge database. The database contains information on successful experiences and case studies in rural poverty reduction. It provides empirical material in support of the Rural Poverty Report, IFAD's flagship publication. It is also of potential interest to programme and strategy design teams in the operational divisions, and to technical advisers and policy coordinators in their respective functions. As such, it is set to become one of IFAD's key knowledge assets.
 21. The Rome-based partners of the Consultative Group on International Agricultural Research (CGIAR) also participated in the event with a presentation on knowledge-sharing efforts in the CGIAR. Such an initiative is an important step towards meeting IFAD's commitment to forge closer partnerships with the CGIAR system as a whole, as actively sought by the innovation strategy.
 22. The knowledge management event was a clear example of the successful integration of innovation and knowledge management. The large number of IMI-funded projects also testifies to the key role played by the IMI in promoting innovators and funding innovative ventures. The sharing of the knowledge elements captured in each IMI project is now a priority of the IMI Secretariat as part of its monitoring and results-harvesting phase.

Challenge mapping

23. One practical application emerging from CPS techniques is the use of the "challenge approach", which provides a useful tool for identifying challenges and opportunities within a specific context. This approach has been selected to provide an innovative structure and perspective to the forthcoming Rural Poverty Report (RPR). Instead of using a thematic approach, the RPR will focus on the challenges and opportunities facing poor rural people, as they themselves perceive them. This understanding is a key precondition for innovation in rural development. It helps identify specific challenges that can be validated in the context of innovation efforts within IFAD country programmes and that contribute to IFAD's overall goal of improving effectiveness in all of its operations. As challenges specific to different contexts are identified, IFAD can start a more effective, strategic and systematic approach to innovation by testing targeted solutions. In the context of the RPR, the regional consultations in Cairo, Dakar, Quito, Manila and Nairobi provided an opportunity to draw up an initial map of priority challenges in each region. This will serve as a starting point from which to move forward through a constant validation and review process.

Scouting

24. The scouting guidelines developed by the IMI during 2007 have provided a framework for the scouting of innovations within and outside the IFAD-funded projects for inclusion as case studies or as part of the narrative in the forthcoming RPR. A database was designed with IMI funding to allow online submission and easy retrieval of all the case studies submitted by IFAD regional divisions and technical units, and by partners in the field. The database served as a pilot to test requirements and functionalities before developing a fully fledged IFAD version and migrating the contents of this database to IFAD's official server. The database provides a useful tool for anyone seeking interesting innovations and good practices pertinent to the rural context. Online access by partners and IFAD staff allows submission and retrieval of case studies by type of challenge, region or country, or by particular topic of interest. The database will continue to evolve, with access extended to external contributors, thus providing a dynamic context for the development of new ideas.

Western and Central Africa Division pilot

25. As part of the scouting exercise, IMI funding was provided to the Western and Central Africa Division to launch an initiative to scout, share and scale up innovations that address the real constraints faced by poor smallholder farmers, particularly women, young people and disadvantaged groups. This pilot process and the tools developed will help design a mechanism and a systematic approach for disseminating agriculture-related innovations within IFAD and in the region. A selected number of innovations were presented and discussed at an innovation fair held in Burkina Faso in June 2008 and have provided additional material for the RPR. The fair proved to be valuable for one-on-one interaction, allowing the innovators themselves to demonstrate their innovations directly. It facilitated the uptake of innovations that provide concrete technological solutions. The uptake of institutional innovations, on the other hand, proved to be more difficult as they require a more complex type of communication. Lessons learned from the pilot will be used to assess the potential for holding more innovation fairs, perhaps in other regions.

D. Cultural and organizational change

26. Cumulative allocations under this heading amount to US\$0.6 million, representing 7 per cent of total commitments.

Creative problem-solving

27. A precondition for the successful implementation of IFAD's innovation strategy is a change in institutional culture. To achieve this, the ongoing human resources management reform needs to be underpinned by well-designed training courses that strengthen CPS skills and encourage the cultural transformation process outlined in the innovation strategy. The CPS technique focuses on how people interact with others and how they approach problem-solving using concrete work situations. It does this through two types of activities: training, to teach the basic CPS techniques and change the way people interact; and coaching, putting these techniques into practice in a work situation with the support of a CPS facilitator. Such courses provide effective tools and techniques to foster creativity and lead to enhanced organizational capabilities in creative, innovative thinking.

Training in CPS

28. The pilot in-house workshop held in 2007 with originators of IMI projects (country programme managers and technical advisors) was replicated with IFAD staff from other parts of the organization in January 2008, including, among others, representatives from the Human Resources Division, the Action Plan Management Team and the IMI Screening Committee. This will contribute to building a critical mass of staff with innovatory capacity in key positions within the organization.

Applied CPS

29. Following on from a similar experience in the Asia and the Pacific Division in 2007, a CPS training session was funded in June 2008 for staff in the Western and Central Africa Division. This session also provided an opportunity to test a pilot French-language version of the course tailored for French-speaking project staff. Three major outcomes emerging from this experience continue to have an impact within the division: the creation of team spirit; improved communication, exchange and interaction in reaching a common understanding (this includes deferring judgement on differing perspectives); and a greater sense of empowerment stemming from greater participation in ongoing processes.
30. In line with the innovation strategy's objective to build innovative capabilities in country programme management teams (CPMTs) and to develop abilities to recognize and understand challenges requiring innovative solutions, workshops and consultations were held with the country team in the Sudan (29 March–4 April 2008). The CPS approach was used to identify challenges specific to that context, to formulate strategic objectives and to define the COSOP target group. The IMI funded the costs of two CPS facilitators. It also provided the technical support of the IMI Manager who facilitated the proceedings and participated in the CPMT itself, contributing to the design of a new results-based COSOP in the Sudan.
31. The project team received hands-on coaching in CPS techniques to identify project-related challenges and to develop a creative self-assessment of their performance for use in the mid-term evaluation of the Gash Sustainable Livelihoods Regeneration Project. It was once again found that identifying the challenges, and the possible responses, leads to a new framing of issues based on experience and accumulated knowledge, and helps sharpen the analysis of problems and the generation of appropriate solutions.
32. The Sudan workshops provided an opportunity for testing and applying CPS techniques in a real business situation. A survey was conducted to identify challenges to be considered in the formulation of the country strategy for IFAD financing in the Sudan. The underlying principle is to understand the challenges in rural poverty reduction, to strengthen and replicate what works, and to propose new solutions for testing. The quality of the process and the analysis is critical to how IFAD will position itself and its services in the future.
33. The demand for and use of CPS techniques by a regional division demonstrates a growing interest and understanding of the benefits that this tool can provide in developing work programmes. This is further shown in the division's own financial investment towards the total costs of the workshops.

CPS survey

34. As part of IMI monitoring activities, an online survey, together with face-to-face interviews, was carried out to assess, in a participatory manner, the effectiveness of the CPS course. Participants of past CPS workshops were asked for feedback on the courses, suggestions on how to involve more staff in the use of the CPS, any perceived barriers in using CPS tools in-house, and for any other innovation and creativity tools they thought might be needed. This exercise helped assess the potential of the tool in the light of its application or lack thereof, and gathered suggestions for making it more effective in fostering creative thinking in IFAD activities. Most participants found the training course useful and relevant to their work. It was suggested that the course be made more widely available and that, in addition, refresher courses be held for past participants. Two main obstacles to its successful application within IFAD were also identified: time pressures, which were seen as not being conducive to innovative thinking; and the lack of opportunities and openings to practise this approach within the organization. A closer analysis of the feedback collected will be used to refine the design of CPS courses to fit IFAD's

needs and also to identify any barriers that need to be addressed in the implementation of the innovation strategy.

35. Providing opportunities to apply CPS techniques is also a function of leadership commitment, and this can only come about as a result of direct exposure to this approach. It may therefore be potentially profitable to hold one-day CPS workshops for Management, allowing them to experience first-hand the value of such a tool in finding creative solutions to specific challenges.
36. Further CPS training is envisaged to train CPS facilitators within each division. This will help generalize the application of this technique throughout the house and potentially see its use extended to all divisional activities.
37. Another area for development is online coaching to those who have already been initiated into CPS, and online job aids to support divisional facilitators. This is an effective and low-cost approach that addresses some of the needs expressed during the survey.

Contribution of the IMI to the preparation of the Rural Poverty Report

38. Much of 2008 has been dedicated to the preparatory work for the RPR. In addition to funding the case study database, the IMI participated in a workshop for the 2009 RPR (27-29 February 2008), presenting a revised scouting plan with guidelines for the collection of interesting case studies in poverty reduction to be included in the publication. Using CPS techniques, the IMI Manager facilitated working sessions with the chapter leaders to identify the challenges for each chapter. These were later validated during regional consultations.
39. In conjunction with the regional consultation held in Cairo (29 June to 1 July 2008), the IMI Manager provided training in CPS techniques to the consultation's facilitators. The objective was to arrive at a clear set of priority challenges in the Near East and North Africa region, building on the set provided by the RPR team. This required validating the challenges, finding solutions, and identifying policy implications and recommendations within the publication's overall framework (namely the chapter domains). The principles to be used for the scouting/case study exercise are effectiveness, replicability, sustainability and forward-looking nature. This one-day "training" in facilitation had as its main purpose helping the group of facilitators define a common approach to facilitation in response to the above challenges.
40. CPS techniques were applied to arrive at interesting and effective solutions to the priority challenges, including their enabling factors and policy implications; to provide material "to think with" for each chapter leader and writer; and to prepare an actual list or map of challenges and solutions.

Creative leadership

41. Driving innovation throughout an organization requires creativity and leadership qualities to broker new ideas, create networks and facilitate the mainstreaming of innovation. To this end, the IMI secretariat attended the annual conference of the Creativity European Association, held in Sestri Levante, Italy, in April 2008, to enhance skills in creative thinking and creative leadership.

Field immersion

42. The third field immersion programme was held in Azerbaijan in October 2008 replicating similar initiatives in Madagascar and Peru. Staff were selected using various criteria including number of years of service and successful performance evaluations. This programme provides an opportunity for staff to understand IFAD's work better and to relate field realities to their daily work. Above all, it provides an experience that builds empathy and a better understanding of the challenges faced by poor rural people. The programme has generally resulted in greater personal motivation among participants on return to headquarters. The immersion is also

used as an opportunity to identify first-hand any practical solutions or innovations adopted by rural people to overcome major challenges.

IV. Conclusion

43. This has been a transition year for the IMI, with funding shifting towards activities that support the implementation of the innovation strategy. The IMI has already begun to take a more proactive role by providing a brokering service to convert interesting opportunities into solid, fundable business cases. This has taken the form of exploring or facilitating the creation of partnerships (particularly with the private sector), connecting IFAD staff with people outside the organization, encouraging cross-pollination of ideas across disciplines, and finding synergies among different types of actors. Given the recognition that the timely dissemination of simple, innovative technologies can be of high practical value to the poverty reduction efforts of IFAD-funded projects, this kind of proactive approach will be one of the major roles of the Innovation Service Group (ISG), to be established at the end of the current programme.
44. As a member of the Core Learning Partnership, the IMI Manager will work closely with the Office of Evaluation on the evaluation of IFAD's capacity to promote replicable innovations by providing guidance to the evaluation process and reviewing the key evaluation deliverables. This will also require a thorough stocktaking exercise of all IMI activities (in particular, the competitive bidding process) to assess the outcome, main achievements, mainstreaming impact and any obstacles encountered during implementation. The effectiveness of the IMI programme in mainstreaming innovation will also be examined as part of this process.

V. Next steps

45. As a prerequisite for the successful implementation of the innovation strategy, the following are seen as key areas of action:
 - Formal establishment of the ISG
 - Further development of CPS skills, to include:
 - (i) A one-day CPS workshop for Management;
 - (ii) Online CPS coaching; and
 - (iii) Training of divisional CPS facilitators.
 - Monitoring of all ongoing bids to identify potential areas suitable for replication and mainstreaming.

Successful IMI project proposals

<i>IFAD division(s) or partner/IFAD division(s)</i>	<i>Name of project/ amount approved</i>	<i>Aim of proposal</i>
Approved 30 April 2008		
Programme Management Department	A Learning and sharing day US\$100,000	This proposal responds to the need for a new organizational culture which promotes learning and sharing across regional divisions and between different parts of the institution. A day will be reserved for staff to engage in a variety of parallel learning events, catering for a diverse audience, with contributions from a range of partners as well as project and regional programme staff. An organization committee will fine-tune the program of activities and provide staff with an opportunity to participate in the concept and design of the event.
Technical Advisory Division	Phase II – Piloting IFAD’s participatory mapping approach for specific livelihoods (pastoralists, indigenous people, forest dwellers) through innovative twinning arrangements US\$100,000	Phase II of a project to strengthen communities’ environmental and natural resource management with a specific focus on pastoralists, indigenous peoples and forest communities. The proposal will test the approach on four additional IFAD projects through a twinning arrangement between Phase I and Phase II projects in order to capitalize on key issues and lessons learnt emerging from Phase I and to validate the approach. M&E indicators will also provide the tools to support IFAD’s approach to results and impact management.
Latin America and the Caribbean Division	Using image-based communication as an additional tool for monitoring and evaluation US\$100,000	The testing of image-based technologies to promote learning processes on good practices and rural innovation particularly in areas of high illiteracy in Central and South America. Visually supported M&E activities will expand the target audience and provide effective tools for the creation of communities of thematic learning across regions.
Asia and the Pacific Division/ Communications Division	Simplifying the complex: Supporting project and country programme management with a Thematic Indicator of Rural Poverty (TIRP) US\$100,000	The design of an assessment tool to measure rural poverty in a way which is both holistic and understandable to stakeholders and beneficiaries. Eight composite key poverty indicators provide the basis for a targeting and monitoring tool which will sharpen IFAD operations and offer a consistent system of collecting, presenting and sharing data allowing for comparability. The visual presentation makes it accessible to illiterate and multi-cultural societies.
Technical Advisory Division	Innovative brokering system for natural resource management technical advisory services US\$100,000	The project aims to improve the capacity of the Technical Unit in providing an effective and timely advisory service by extending its present role to include that of ‘knowledge and expertise broker’; matching requests for technical advice emerging in-house to the expertise of specialized agencies, research institutes, centres of learning etc. The system will encourage systematic knowledge-sharing and learning, promote scouting for innovations and generate the exchange of new ideas.
Global Environment and Climate Change Unit	Climtrain Project: A climate change tailor-made training programme for the Programme Management Department US\$100,000	Aims to fill an institutional gap by increasing the technical capacity of IFAD staff in the area of climate change mitigation using the expertise of strategic partners such as UNEP, UNTAR and other CGIAR institutes. Training will be provided to IFAD staff to develop an understanding of the challenges and opportunities posed to rural people and to map IFAD’s needs to these.
Technical Advisory Division	Innovative forms of training and capacity-building in IFAD-supported projects and programmes US\$100,000	Training components in IFAD projects need to provide effective adult education to the rural poor as part of their capacity-building process. After an initial analysis and appraisal of the training components contained in IFAD’s existing projects, IFAD staff, field staff and partners will be given access to resources to improve methodologies and outcomes related to training adults in the rural context. The necessary expertise will be supplied by various United Nations agencies, CGIAR institutes and academic centres of learning.
Administrative Services Division	Enhancing security for women US\$25,000	Provision of a tailor-made security training programme for IFAD female staff travelling to remote project areas with high security risk (post-conflict, infectious diseases, natural disaster).
Western and Central Africa Division	Education for a global and sustainable future US\$100,000	A partnership between IFAD and the Italian Energy Research Agency ENEA, will link up to a network of Italian school children who will provide voluntary funding for the installation of solar energy panels in selected rural villages of Mauritania. As well as improving local infrastructure, the project will contribute to building knowledge on climate change in future generations.
Financial Services Division	Enterprise Risk Management in IFAD – Financial services pilot US\$50,000	To pilot a new approach to risk management and build IFAD effectiveness in managing risks.
Strategic Planning and Budget division	International financial institution benchmarking US\$88,389	In the context of development effectiveness and efficiency, a benchmark tool will be developed to ensure the comparability of budget data of international financial institutions with operations similar to IFAD. A central database and website will also provide a platform for budget related issues and peer discussion.

<i>IFAD division(s) or partner/IFAD division(s)</i>	<i>Name of project/ Amount approved</i>	<i>Aim of proposal</i>
Approved 8 August 2007		
Technical Advisory Division/Asia and the Pacific Division	China – Reducing Vulnerability and Managing Weather Risk US\$200,000	A risk-insurance package, affordable to poor farmers, using a rainfall index to monitor and trigger payments to insured farmers instead of the usual crop insurance. It provides a mechanism to encourage risk-taking and investment by farmers in a rainfed area, and proposes an ex-ante solution instead of emergency relief operations in the event of drought. A partnership will be formed involving national and international institutions and the private sector to stimulate growth, avert extreme poverty and create a dynamic informal/formal lending market.
United Republic of Tanzania Country Office/Eastern and Southern Africa Division	United Republic of Tanzania – Enhancing Farmer Participation in Planning and Monitoring of a Sector-wide Approach (SWAp) US\$200,000	The proposal seeks to bring about cultural and institutional change in the Agricultural Sector Development Programme in the United Republic of Tanzania by making partnerships between farmers' organizations and district officials more effective. It involves a capacity-building process for farmers' organizations in order to strengthen advocacy and policy dialogue. The proposal will be implemented by a small farmers' organization with the oversight of the Agricultural Council of Tanzania and will serve to test an institutional innovation – a partnership with a civil organization to support IFAD's target groups.
Asia and the Pacific Division	Mongolia – Redesign of project – Pilot, Synchronize and Develop a Pro-poor Value Chain Project in Mongolia US\$200,000	IFAD's project cycle is improved by embedding a pilot phase in which to learn and test solutions and innovations that can then be incorporated in the final project design and loan. It involves a constant revision/refinement process prior to reaching the project design end-product and gives scope for the inclusion of innovative solutions and risk-taking. To test this new model, a pilot will be run in Mongolia with a focus on pro-poor value chains.
Technical Advisory Division	Appropriately Mainstreaming Value Chain Development for Rural Poverty Reduction US\$200,000	The proposal is to assess the effectiveness of IFAD's and other donors' experience with value chains in terms of poverty reduction and improved market access. It will also develop and mainstream a best practice value chain analysis into IFAD operations through the creation of a community of practice, which will promote learning, knowledge-sharing and dissemination. In-house training sessions will also take place with the aid of an externally recruited value chain development expert.
Technical Advisory Division	Strengthening IFAD's Capacity to Mainstream Climate Change Adaptation in its Operations US\$175,000	The project aims to explore and integrate climate change adaptation in all IFAD operations through an internal knowledge-building consultative process, training and awareness-raising. External thematic and strategic alliances will be created to draw upon the knowledge of global and regional organizations. Guidelines, a methodology and learning notes will be produced to align IFAD's institutional processes to address the threats/risks of climate change to IFAD projects.
Technoserve/ Sponsor: Latin America and the Caribbean Division	El Salvador – Building Rural Businesses by Leveraging Migrants' Remittances US\$162,000	Facilitation of business creation in El Salvador using the financial resources of migrants living in Washington, D.C. through the partnership of Microfinance International Corporation (MFIC), a private-sector financial institution based in Washington, D.C., and Technoserve (a non-profit NGO). The first will provide business expertise and transnational loan packages, while the second will provide knowledge of the investment opportunities in El Salvador. This practical business model will serve to harness remittances, promote rural investment in the home country and pilot a functional model for replication elsewhere.
Technical Advisory Division	Managing a Double Bottom Line – A Global Learning Programme in Social Performance Management US\$200,000	A microfinance/knowledge management system that uses a double track to measure social impact as well as financial performance. It will serve to attain a double goal and strengthen the capacity of seven microfinance institutions to manage social performance effectively. IFAD will work closely with a social performance management consortium based at the Institute of Development Studies to create a dynamic learning community that will strengthen IFAD's effectiveness in rural finance.
Policy Division	Learning and Building upon the Knowledge Base of the Indigenous Peoples' Assistance Facility US\$80,400	In order to harvest the self-assessed and self-generated needs and proposed solutions submitted by 1,100 indigenous leaders to the Indigenous Peoples' Assistance Facility, the proposed knowledge management system will serve a scouting function by providing alternative perspectives on indigenous peoples' challenges, capabilities and innovations. This will also enhance IFAD's programme and project designs by supporting indigenous peoples' policy issues through a global network and partnership with grass-roots organizations and their international leaders.

<i>IFAD division(s) or partner/IFAD division(s)</i>	<i>Name of project/ Amount approved</i>	<i>Aim of proposal</i>
Approved 13 April 2007		
Eastern and Southern Africa Division	Piloting the New Policy on Supervision and Implementation Support in the Context of the United Republic of Tanzania Country Programme US\$200,000	The proposal aims to pilot and test institutional innovations during the direct supervision of operations in the United Republic of Tanzania using a country programme approach within the wider context of the country's participation in the "One United Nations" pilot. It will increase ownership at national level and provide a set of clear objectives for implementation/supervision activities that can be linked to country programme objectives. Practical approaches will be developed for the supervision and implementation support of operations in the country, and will contribute to refining IFAD's supervision guidelines.
Regional Programme for Rural Development Training (PROCASUR)/ Sponsor: Latin America and the Caribbean Division	Lessons Arising from Innovation and Young Talents in the Rural World US\$197,000	Development of the local capacity of rural youth in order to reduce the trend in out migration and to provide support to local livelihood systems presently threatened by an increasingly ageing population. This young population group is targeted for its high potentiality in social capital development. An international competition for youth in Latin America and Africa will act as a vehicle for the scouting of innovative practices and experiences, and serve a further purpose by identifying which challenges are seen as important by this particular age group. Young people will provide recommendations for improving the design of operations and also promote a policy dialogue.
Eastern and Southern Africa Division	New Design Process for Small Investments – Swaziland US\$120,000	Project design costs are particularly high for countries such as Swaziland with a low allocation in IFAD's performance-based allocation system. A new design model will reduce these costs through a virtual collaborative workspace that will build on existing data, skills and knowledge; provide a real-time perspective of the design process; and also lead to greater government involvement and ownership. This will be achieved through a community of practice and tools such as peer-assist in order to support a "learning before doing" process.
Western and Central Africa Division	Scouting and Sharing Innovation so as to Improve the Livelihoods of Poor Rural Smallholder Farmers in Western and Central Africa: Proposal for a Regional Innovation Fair and Workshop US\$135,000	As a first phase of the divisional programme for innovation, an initial review will be carried out in the region to harvest innovations from farmers' organizations, existing projects and international sources. A consultative process will be used to identify strategic innovations that respond to key challenges faced by poor smallholders. Innovations will be brought into the larger arena of a regional innovation fair and a subsequent workshop to allow debate and to draw conclusions for future use. A mechanism will be proposed to scale up and replicate innovations and to facilitate the systematic incorporation of innovation into IFAD's country programmes and projects.
International Farming Systems Research Methodology Network (RIMISP)/ Sponsor: Latin America and the Caribbean Division	Strengthening Access to Markets for Small Poor Agricultural Producers in Latin America: Technical Assistance for Self-management US\$175,000	The challenge of accessing markets is addressed through the perspective of small producers. The project aims to develop local capacities for self-management by providing demand-driven technical assistance focused on developing managerial capacities, production/processing processes, organization development and self-management practices. A close link is maintained between the development components and the production/access-to-market process.
Eastern and Southern Africa Division	Improving Madagascar Country Programme Performance through a dedicated monitoring and evaluation (M&E) and knowledge management system US\$170,000	The objective is to integrate knowledge of innovation gathered by the country programme into IFAD's knowledge management system through a series of national and regional activities involving the participation of a wide number of stakeholders and including the scouting of innovations. The use of a decentralized design methodology will promote ownership by organizations in the field and also the use of these procedures in the country's own practices. This will be achieved by linking M&E, knowledge and communication, which will provide an integrated analytical framework of the country programme and also facilitate its own results-based management system.
Programa Plantas Medicinais do Mercosul (PLAMSUR)/ Sponsor: Latin America and the Caribbean Division	Searching for a Healthy Alternative to Tobacco Cultivation US\$135,000	As a drive to reduce tobacco consumption, the Brazilian Government is promoting a shift away from tobacco cultivation to the cultivation of medicinal and herbal plants, particularly in southern Brazil where rural small producers face constant poverty. Market demand is met by laboratories manufacturing herbal remedies, with additional support from the national health insurance system, which recognizes and reimburses the cost of natural medicines. Activities will focus on research in the cultivation and processing of medicinal plants. Comparative practices are explored through partnership with African counterparts.

<i>IFAD division(s) or partner/IFAD division(s)</i>	<i>Name of project/ Amount approved</i>	<i>Aim of proposal</i>
Approved 3 October 2006		
Technical Advisory Division	Development of Biofuels Farming Systems, Value Chains and Energy Services with a Pro-poor Focus US\$97,600	The provision of energy in rural areas is a key to reducing poverty. With increasing oil prices, biofuel crops have been developed in the context of large-scale farming. It is still unclear whether or not there is also an opportunity for commercial production of biofuels by small farmers. As a step in this direction, generating locally produced energy could help resolve the energy problem in marginal areas with poor infrastructure investment. The proposal seeks to do this by building and disseminating knowledge regarding the technological adaptations required for small-scale production of crops that can serve a dual role: producing biofuels and additionally providing food in emergency situations. This will have a positive effect on fuel collection time and food security, while also reducing the environmental degradation from traditional fuels and creating suitable conditions for irrigation and food processing. The proposal provides a useful opening for IFAD's involvement in the area of biofuel production, which is very much at the forefront as an alternative energy solution. It has a direct practical impact on poor rural people's lives through income generation or through access to an energy font, especially in marginal areas.
Near East and North Africa Division	Establishing Client-financed Agricultural Services in The former Yugoslav Republic of Macedonia US\$200,000	Private-sector involvement in extension services is novel to The former Yugoslav Republic of Macedonia and fills a gap in the provision of such services by the Government. Rural financial services need to be supported by technical advice. While the proposal may not be an innovation per se, it will provide financial and capacity-building support to an existing innovation that would otherwise risk being unsustainable. As for benefits to IFAD, there are important institutional linkages in terms of knowledge management that will involve a learning exercise with scaling-up possibilities. Similar activities are currently being successfully experimented in Armenia and Moldova. The proposal is an example of an innovation emerging as a follow-up to an IFAD grant and an opportunity to inject a comparatively small amount of funding into an activity that will have a major impact in the region. The proposal also has adaptive potential and opens up new opportunities for IFAD.
Eastern and Southern Africa Division	Kenya – Tana River Basin Development Model for Private-sector Payment for Environmental Services by Smallholder Farmers US\$100,000	The proposal operationalizes work on an initiative in the Tana River basin area whereby private-sector payments are made to smallholder farmers in return for the provision of ecosystem services such as silt removal upstream of the local energy plant. It supports the IFAD Strategic Framework 2007-2010 by improving management of natural resources at the farm level and conservation and water management at the national level. The risk/failure element involved in the initiative makes it unsuitable for funding through the IFAD regular grant programme but instead highly suitable for IMI funding since it encourages the scouting for innovation, the testing of an idea and possible risk-taking, which are important elements in any learning exercise.
Technical Advisory Division	Enhance IFAD's Implementation Support through the Development of Decision Tools for Participatory Mapping in Specific Livelihoods Systems (Pastoralists, Indigenous Peoples, Forestry Dwellers) US\$99,000	The bid builds on close linkages and collaboration with the International Land Coalition to create community mapping tools that have a key role in empowering people and communities. It provides the opportunity to build on institution-wide knowledge-sharing by generating best practices and lessons learned from field activities. It is unique in seeking to test suitable planning/mapping tools tailored to conflict situations involving pastoralists, indigenous peoples and forest dwellers.
Approved 20 February 2006		
Technical Advisory Division	Learning and Knowledge on Innovations in Water and Rural Poverty US\$200,000	The topic of water and rural poverty is important and highly relevant to IFAD. The proposal involves interesting farmer-led activities and reviews that feed into regional strategies. It is expected to contribute significantly to policy dialogue and to institution-building in the sector and to strengthen the linkages between the field and IFAD's divisions.
Asia and the Pacific/Latin America and the Caribbean Divisions	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 given the difficult circumstances and the post-conflict situation in Afghanistan. Its objective is to provide horticulture training and technology transfer to six Afghan agronomists in Chile. The proposal responds to the emerging and critical issue of providing farmers with an alternative to growing opium poppies. It also responds to political demand from both participating countries and would initiate a productive South-South collaboration. THE BID WAS CANCELLED DUE TO DIFFICULTIES IN START-UP

<i>IFAD division(s) or partner/IFAD division(s)</i>	<i>Name of project/ Amount approved</i>	<i>Aim of proposal</i>
Approved 28 July 2005		
Near East and North Africa Division	Preventive Measures for Rural Out migration, Trafficking and HIV/AIDS in Central and Eastern Europe and the Newly Independent States US\$195,000	This innovative proposal focuses on an emerging and critical issue in the region, which has received little attention from other development agencies – the interlinkage between rural poverty, gender, trafficking and HIV/AIDS. Out migration 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 issue by field-testing new approaches to decrease out migration 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 Division	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 of development projects and their impact on poverty, but also potentially strengthen policy dialogue. The application of institutional analysis to local settings and grass-roots organizations is innovative.
Western and Central Africa Division	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 model is an IFAD innovation 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 objective 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 Division	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.
Approved 3 May 2005		
Latin America and the Caribbean Division	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 supports small-scale rural producers in accessing markets through an electronic information bank and develops new forms of support and partnership.
Technical Advisory Division	Scaling Up the Use of the Microfinance Information exchange (MIX) in IFAD Rural Finance Interventions US\$198,900	This proposal is an initiative to mainstream innovation in results and impact monitoring of rural finance operations. 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 IFAD's 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 will be developed and mainstreamed within IFAD.
Communications Division	Rural poverty portal US\$200,000	The Rural Poverty Portal is an Action Plan deliverable. It was showcased at the Governing Council, and it has received recognition from IFAD Member States. There is a clear need for establishing a good, accessible, user-friendly portal for rural development information. The project contains innovative design elements.

Financial statement (as at 30 September 2008)

Name of grant: IMI

Donor: Department for International Development (United Kingdom)

SUMMARY

<i>Summary of resources</i>	<i>United States dollars</i>	<i>Liquidity status</i>	<i>United States dollars</i>
Resources (table 1)	11 262 056	Cash received (table 1)	11 262 056
Approved allocations (table 2)	(8 548 348)	Expenditures (table 2)	(5 379 668)
Resources available for commitment	2 713 708	Cash balance	5 882 388

DETAILS

Table 1
Resources

	<i>Pound sterling</i>	<i>United States dollars</i>
13-Dec-03	400 000	689 440
26-Mar-04	100 000	181 085
09-Feb-05	1 000 000	1 857 800
06-Sep-05	1 900 000	3 501 415
28-Mar-06	1 100 000	1 924 560
23-Mar-07	500 000	988 600
30-Jan-08	569 000	1 131 457
01-Apr-08	500 000	987 700
	6 069 000	11 262 057

Table 2
Commitments and expenditures

<i>Description</i>	<i>United States dollars approved¹</i>	<i>United States dollars expenditures</i>	<i>United States dollars balance</i>
PREPARATORY PHASE			
Preparation work on the IFAD Initiative for Mainstreaming Innovation	8 689	(8 689)	-
Innovative monitoring of impact through MIX	71 146	(71 146)	-
Innovative targeting under community development funds	68 227	(68 227)	-
Rural Poverty Portal	78 901	(78 901)	-
Innovative strategies for land and water access to the poor	71 959	(71 959)	-
Scaling up of innovative small stock management practices developed by IFAD projects	68 856	(68 856)	-
Public-private partnership-building in IFAD	73 585	(73 585)	-
Market development support	74 574	(74 574)	-
Funding proposal for programmatic supplementary funds – consultation workshop on the framework	47 461	(47 461)	-
The role of institutional analysis in the successful scaling up of innovation	201 847	(201 847)	-
Regional economist	71 978	(71 978)	-
Total preparatory phase	837 223	(837 223)	-
MAIN PHASE			
Innovative Operations			
Competitive bidding¹			
Market access for small-scale rural producers	200 000	(197 101)	2 899
MIX	198 900	(189 504)	9 396
Mainstreaming new targeting framework	190 000	(162 564)	27 436
Rural Poverty Portal	199 084	(199 084)	-
Institutional analysis practitioner's guide	200 000	(184 149)	15 851
Rural outmigration, trafficking and HIV/AIDS	194 837	(194 837)	-

¹ Where an activity is finalized, the approved amount indicates the disbursed amount.

<i>Description</i>	<i>United States dollars approved¹</i>	<i>United States dollars expenditures</i>	<i>United States dollars balance</i>
Financial services association model	123 488	(113 265)	10 223
Land tenure security of the rural poor	196 233	(196 233)	-
Innovation in water and rural poverty	200 000	(186 208)	13 792
Biofuels farming systems	147 600	(127 209)	20 391
Participatory mapping	99 000	(97 075)	1 925
Model for private-sector payment	100 000	(36 552)	63 448
Client-financed agriculture services	200 000	(157 000)	43 000
Pilot for new supervision and implementation support	200 000	(72 459)	127 541
Lessons from innovations and young talents in the rural world	197 000	(75 000)	122 000
New design process for small investments	120 000	(56 926)	63 074
Innovation scouting and sharing	135 000	(135 000)	-
Technical assistance for self-management	175 000	(175 000)	-
Country M&E and knowledge management system	170 000	(99 257)	70 743
Healthy alternatives to tobacco	135 000	-	135 000
Managing weather risk	200 000	(163 784)	36 216
Farmer participation in SWAp	200 000	(200 000)	-
Project design pilot	200 000	-	200 000
Mainstreaming value chains	200 000	(141 259)	58 741
Mainstreaming climate change	175 000	(25 939)	149 061
Leveraging migrants' remittances	162 000	(48 600)	113 400
Social performance management	200 000	(60 000)	140 000
Indigenous peoples' knowledge	80 400	(22 806)	57 594
Learning and sharing day	100 000	-	100 000
Participatory mapping pilot	100 000	-	100 000
Imaged based monitoring	100 000	-	100 000
Thematic indicator	100 000	(4 093)	95 907
Brokering of NRM technical services	100 000	(1 480)	98 520
Climtrain project	100 000	(3 873)	96 127
Training and capacity building	100 000	-	100 000
Security programme for women	25 000	(3 014)	21 986
Education for a sustainable future	100 000	-	100 000
Enterprise risk pilot	50 000	-	50 000
IFI benchmarking	88 389	(7 137)	81 252
	5 761 931	(3 336 408)	2 425 523
IMI Screening Committee (ISC) costs			
ISC travel/fees	14 717	(14 717)	-
ISC Miscellaneous	494	(494)	-
	15 211	(15 211)	-
Rapid Funding Facility			
San Salvador diaspora	19 950	(19 950)	-
	19 950	(19 950)	-
Total Innovative Operations	5 797 092	(3 371 569)	2 425 523

<i>Description</i>	<i>United States dollars approved¹</i>	<i>United States dollars expenditures</i>	<i>United States dollars balance</i>
<i>Partnership development</i>			
IFAD-IFPRI partnership	200 000	(158 990)	41 010
Innovation promotion	215 000	(116 174)	98 826
Travel by organizations of the rural poor	102 133	(102 133)	-
	517 133	(377 297)	139 836
<i>Learning and sharing</i>			
Scouting and regional fairs	150 000	(73 898)	76 102
IFAD top ten innovations	200 000	-	200 000
Challenge map	100 000	(46 078)	53 922
Networks and communities of practice	225 000	(189 043)	35 957
Competitions	40 000	-	40 000
Web-based sharing	100 000	(36 383)	63 617
	815 000	(345 402)	469 598
<i>Cultural and organizational change</i>			
Learning tours/field immersion	170 000	(138 075)	31 925
Monitoring ongoing bids	40 000	-	40 000
IFAD Innovation Strategy	85 000	(81 900)	3 100
Creative problem-solving training	236 900	(225 742)	11 158
Other training	50 000	(2 460)	47 540
	581 900	(448 177)	133 723
Total main phase	7 711 125	(4 542 445)	3 168 680
Grand total	8 548 348	(5 379 668)	3 168 680

