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Investing in rural people

## **IFAD Management Response to the Corporate-level Evaluation on IFAD's Support to Innovations for Inclusive and Sustainable Smallholder Agriculture**

### **Note to Evaluation Committee members**

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Evaluation Committee — 110<sup>th</sup> Session  
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## **IFAD Management Response to the Corporate-level Evaluation on IFAD's Support to Innovations for Inclusive and Sustainable Smallholder Agriculture**

### **Note to Executive Board representatives**

#### Focal points:

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Executive Board — 130<sup>th</sup> Session  
Rome, 8-11 September 2020

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**For: Review**

## **IFAD Management Response to the Corporate-level Evaluation on IFAD's Support to Innovations for Inclusive and Sustainable Smallholder Agriculture**

1. Management welcomes the comprehensive analysis and report on innovations for inclusive and sustainable smallholder agriculture. The report is essential not only for IFAD's operations but also for enhancing IFAD's learning, impact and long-term relevance moving forward. Management is pleased to see that even though the evaluation found room for improvement, IFAD's business model for supporting innovation compares favourably with other Rome-based agencies and international financial institutions (IFIs).
2. Management appreciates the effort to cover an analysis of both IFAD's institutional processes that support innovation and the development effectiveness of IFAD's innovations on the ground. Both these dimensions of innovation (corporate and field level) are critical for IFAD's support to innovation and impact. Including both dimensions in the analysis represented a major endeavour and broader scope (e.g. inclusion of small-scale producers and value chain actors in rural spaces) than that suggested by the title of the report.
3. Management would also like to recognize the collaborative nature of the evaluation. A number of additional consultations were held prior to finalizing the report, which Management both appreciated and found to be helpful to the overall process and the final outcome.

### **I. Recommendations**

4. Management takes note of the six recommendations and overall is in full or partial agreement with them, apart from the sixth. Management's detailed responses to the recommendations are as follows:
5. **Recommendation 1: IFAD should set clear corporate/strategic goals for its innovation agenda, and develop and implement an operational framework, aligned with its 2016-2025 Strategic Framework and the 2030 Agenda for Sustainable Development.** The framework should provide an appropriate innovation definition in line with IFAD's operational context, include specific objectives, priority results areas, guiding principles and actions over a limited period of time (similar to the knowledge management theme).
6. **Agree.** Management agrees with the recommendation to define strategic goals and to implement an overarching operating model to support a systematic approach to promoting innovation. IFAD aims to align itself with the United Nations strategy, partnership, architecture, culture and evaluation (SPACE) model for innovation issued in 2019. Management also recognizes the need to develop a definition of innovation that is in line with IFAD's operating context. The operating model ought to support: (i) well-timed and targeted innovation; (ii) long-term thinking; (iii) the development of a user-centric process to identify and incubate new ideas; (iv) informed and calculated risk taking; and (v) a data-driven focus on learning, impact and results. Management also acknowledges the importance for the operating model of clarifying how best IFAD can embed sufficient innovation expertise at both the corporate and the field levels while also taking account of IFAD's size and resource constraints.
7. **Recommendation 2: IFAD should improve the operating model that supports its innovation processes.** Guidelines should be developed to provide direction on methodologies (along the project cycle), with the aim of: (i) incorporating innovations as key outputs that lead to higher-level results; and (ii) adopting a holistic system approach to innovations. The guidelines should

suggest tools and/or frameworks for monitoring and evaluating innovation processes (linked with existing tools), as well as for assessing their contribution to project outcomes and impacts.

8. **Agree.** Management fully supports this recommendation. Indeed the lack of an operating model, culture and appetite for risks has been identified as one of the most predominant constraints on promoting innovation. Management also takes note of the recommendation to develop guidelines that provide direction on methodological steps that favour the promotion of innovation during the project cycle. The development of a definition, goals, a unique value proposition and an operating model will present an opportunity to adequately integrate resources and sustain innovations over time in alignment with IFAD's corporate efforts on monitoring and evaluation, Information and Communication Technology for Development (ICT4D) Strategy and knowledge management.
9. **Recommendation 3: IFAD should dedicate greater attention to bundles of innovations that are transformative: the more transformative innovations are, the more sustainable and amenable to scaling up they will be.** Guidance should be provided on key methodological steps that favour the identification at the planning stage of innovations that can work in synergy and be clustered or bundled at the implementation stage, leading to packages with transformative features. Guidelines or frameworks suggested in the previous recommendation should allow for the measuring of results achieved through transformative innovations.
10. **Partially agree.** Management agrees with the recommendation to focus on the identification of synergies among innovations that facilitate clustering and bundling during implementation to allow for truly transformative innovations. Transformative innovations are translocal (i.e. locally rooted and globally connected) and ought to be piloted for scaling up.
11. The use of guidelines or frameworks to measure results achieved through transformative innovations could hinder the generation of novel solutions, as not all innovations turn out to be successful, nor should they. Management considers that a more accurate indicator of innovation would be the number of new ideas tested within projects, rather than the success of those ideas. Hence, the innovations operating model should support leaner processes and operations and promote learning rather than create bureaucratic impediments to novel ideas or foster a culture that is risk- or failure-averse.
12. **Recommendation 4: IFAD should enhance the innovation culture within its business model to steadily and effectively support its innovation agenda.** This should be accomplished through an ongoing implementation of specific funding initiatives (like the innovation challenge) to elicit innovation appetite and encourage risk taking initiatives associated with genuinely novel solutions and approaches addressing important smallholder agriculture challenges. It is also important to: (i) strengthen internal capabilities (with adequate numbers of staff and skills) to facilitate the agenda's implementation; and (ii) support emerging innovation champions across the organization by promoting incentive mechanisms (e.g. financial or non-financial rewards).
13. **Agree.** Management agrees with this recommendation; however, fostering an innovation culture, scouting for novel innovations and creating opportunities and rewards for innovators entails addressing the need for dedicated resources, i.e. engagement of internal and/or external stakeholders, staff time, budget and partnerships. Management recognizes the need to optimize the use of scarce resources to promote greater innovation at the country and regional levels. Therefore, in order to support initiatives such as the IFAD Innovation Challenge, non-traditional partnerships and innovative funding mechanisms (such as mobilization of non-core resources) are being considered.

14. The emergence of voluntary champions has been fostered within the organization in alignment with the United Nations SPACE model by creating forward-looking opportunities such as the IFAD Innovation Challenge. In this respect, Management recognizes the importance of establishing a reward system that “shifts ad hoc, outlier innovative behaviour into a central characteristic of the organization’s culture” in alignment with the SPACE model. Financial and non-financial rewards can be offered to staff that embrace end-user thinking, take risks and pioneer the ownership of solutions. Public recognition, interaction with Senior Management, formalized career advancement, opportunities to work in the staff member’s area of interest and specialized training are some of the rewards that could be considered.
15. **Recommendation 5: IFAD should increase funding and operational partnerships that support its innovation agenda.** Strategic co-funding opportunities should be boosted with partners (e.g. bilateral with governments and multilateral with other IFIs) that share similar innovation goals. The aim should be to enhance operational synergies for piloting, uptake, disseminating and scaling up of innovations, especially those addressing issues pertaining to inclusiveness, natural resource management and adaptation to climate change. IFAD’s grant programme should be better leveraged for the development of effective innovations addressing smallholder agriculture challenges. Therefore, priority and flexibility should be given to grant proposals that plan on: (i) strengthening the capacity of national stakeholders involved in IFAD-supported innovation processes; (ii) scouting for novel solutions; and (iii) enhancing the effectiveness of partnerships and synergies at national and regional levels.
16. **Agree.** Management fully agrees with the recommendation to increase funding and operational partnerships for innovation. Effective partnerships can contribute to the generation of results and collective impact that would not otherwise be feasible. IFAD has recently established new institutional mechanisms and structures that are already leveraging partnerships to support innovation. These mechanisms include the ICT4D, the Private Sector Engagement Strategy, the creation of the Private Sector Advisory and Implementation Unit and the creation of the Change, Delivery and Innovation Unit. Management welcomes the recommendation to better expand the use of these mechanisms and others for the development of effective innovations to address smallholder agriculture challenges and promote inclusiveness, grassroots innovation, youth entrepreneurship and the establishment of non-traditional partnerships, in particular those relating to value chains, natural resource management and climate change mitigation and adaptation.
17. The recommendation to prioritize and be flexible with grant proposals to generate and scale up novel solutions that respond to the needs, interests and values of the communities involved is well received. This, however, must be accompanied by a system that allows testing based on the understanding that not all innovations succeed and that intelligent failure, e.g. failing cheap and fast, is part of the innovation process. In this context, converting assumptions into knowledge during all stages of the innovation process (e.g. ideation, incubation and acceleration) becomes a priority in order to manage risk and optimize the use of resources. This can be done, for example, by undertaking consultations during the ideation phase and by conducting surveys and interviews, and running tests of prototypes and prototypes during the incubation phase to test assumptions and collect users’ feedback. The validation process must continue throughout the design and development process and decisions ought to be based on the data and evidence collected during the validation process. Tests should focus on determining whether the assumptions are correct or flawed. Implementing this approach to innovation will serve to manage risk, enhance learning and look for solutions that have a truly user-centric and targeted approach. It is also important in leveraging grant resources in a more focused and strategic way, given broader changes in the availability and use of such resources.

18. **Recommendation 6: IFAD should streamline and limit the number of knowledge management tools for accessing and sharing innovation-related information.** One main platform should be used to promote IFAD-supported innovations and disseminate monitoring and evaluating findings on innovation results and lessons. Knowledge management events should be used to periodically launch and promote the platform. Communication activities (including social media and internal website alerts) should be used to generate and fuel enthusiasm for innovations among IFAD staff and other stakeholders and sustain engagement in IFAD-supported innovation activities.
19. **Partially disagree.** While Management agrees that effective story-telling is often linked to success in innovation, the SPACE model also supports the notion that effective communication requires a deep understanding of stakeholder preferences and interests, as well as the differentiated methods of communication that will resonate with each group.
20. Management considers that the creation of diversified innovation-related web platforms would encourage ownership, inclusiveness and the democratization of innovation. The objective is to enhance the use and adaptation of knowledge dissemination tools that are tailored to the needs, skills and capabilities of each community.
21. Therefore, the selection of the platform that best fits each audience and group of stakeholders must be user-centric and based on performance indicators that monitor access, use, engagement and users' experience. Baselines and minimum requirements could be established to determine the relevance of a platform and its value added.