

## IFAD INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT Evaluation Committee – Thirtieth Session Rome, 18 February 2002

# EVALUATION OF IFAD'S CAPACITY AS A PROMOTER OF REPLICABLE INNOVATION

## **EXECUTIVE SUMMARY**

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## ABBREVIATIONS AND ACRONYMS

CBOs	Community-Based Organizations
CENTRIM	Centre for Research in Innovation Management
CLP	Core Learning Partnership
ECP	Extended Cooperation Programme
ED	Economic Policy and Resource Strategy Department
FSA	Financial Services Associations
IDS	Institute of Development Studies
IFI	International Financial Institution
IPS	Individual Performance System
M&E	Monitoring and Evaluation
MFS	Machobane Farming System
NGO	Non-Governmental Organization
OE	Office of Evaluation and Studies
PD	Programme Management Department
RRP	Report and Recommendations of the President
SPA	Special Programme for Sub-Saharan African Countries Affected by Drought
	and Desertification
TA	Technical Assistance
UNIDO	United Nations Industrial Development Organization
UNOPS	United Nations Office for Project Services

## EVALUATION OF IFAD'S CAPACITY AS A PROMOTER OF REPLICABLE INNOVATION

### **EXECUTIVE SUMMARY**

#### I. RATIONALE

1. During the course of the Consultation to Review the Adequacy of the Resources Available to IFAD, there was considerable discussion on the question of the Fund's *raison d'être*. The Fund is no longer the only international financial institution (IFI) mandated to fight rural poverty because larger, more influential multilateral organizations are now engaged in this task. It was widely recognized that IFAD's direct impact on rural poverty is limited by its small size and scarce financial resources and that, in order to justify its existence, it must play a catalytic role in influencing other partners in the international community. This implies, *inter alia*, that the Fund must increase its impact by promoting the scaling up of successful and replicable innovations aimed at reducing rural poverty. These innovations involve technology and development approaches or strategies for reaching the rural poor more effectively.

2. In the IFAD V: Plan of Action (2000-2002), it was recommended that the Fund should 'Develop methodology and evaluate IFAD's capacity as a promoter of replicable innovations in rural poverty reduction, in cooperation with other partners.' The Office of Evaluation and Studies (OE) initiated this task at the end of 2000 (although it did not originally appear in OE's work programme for that year) with financial support from the Swiss Agency for Development and Cooperation (SDC) and the Finnish International Development Agency.

## II. OBJECTIVES, APPROACH AND METHODOLOGY

#### A. Objectives of the Evaluation

- 3. The evaluation had two main objectives:
  - (i) provide a better understanding of how IFAD may strengthen its capacity and performance as a promoter of replicable innovations, in line with its comparative advantages and with stakeholder expectations; and
  - (ii) provide building blocks and a framework for developing an IFAD strategy to promote innovation, and to access and share knowledge on innovation for rural poverty reduction.
- 4. Four evaluation questions were addressed:
  - How does IFAD understand innovations?
  - How do IFAD current instruments work for innovation?
  - What is IFAD's experience with field-based innovations?
  - Do IFAD's organization and culture enable its staff and partners to innovate?

#### **B.** Approach of the Evaluation

5. The evaluation was conducted in two phases. Phase I involved three related tasks: (i) developing a conceptual framework for IFAD with regard to innovation and its capacity to promote it; (ii) examining the innovative role of IFAD's instruments, including their strengths, weaknesses and future potential; and (iii) identifying and reviewing some innovations promoted by IFAD. The last illustrate the innovation processes as understood and practised by the Fund in cooperation with its partners, and allow preliminary lessons to be drawn. Phase II focused on IFAD's organizational capabilities and culture in this area, inasmuch as they influence the ability both of its staff and of its partners to promote field-level, replicable innovation for rural poverty reduction.

#### C. Methodology of the Evaluation

6. Phase I was based on: external sources of information on innovation practice and theory; a review of IFAD policy, project and grant documents to assess the organization's understanding of innovation and the functioning of various IFAD instruments with respect thereto; a review of the section dealing with innovation in the Reports and Recommendations of the President (RRPs) produced over the last two years; an in-depth analysis of innovations promoted by IFAD at the field level; and discussions with IFAD staff.

7. Case studies were selected on the basis of: staff proposals; regional and sectoral representation; potential for learning from experience; and the availability of information (preferably based on evaluation) on the history and process of innovation. In close consultation with staff of the Programme Management Department (PD) and OE, the evaluation reviewed five case studies on previous IFAD innovative approaches and initiatives that were evaluated and assessed at the field level. These case studies describe the innovation processes practised by the Fund and its partners and allow lessons to be drawn therefrom. The case studies reviewed were:

- Case Study No. 1: Innovation in Soil and Water Conservation under the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA)(CS-1)
- **Case Study No. 2**: Innovation in Rural Finance: Financial Services Associations (FSAs) (CS-2)
- Case Study No. 3: Innovation in Land Tenure Policy for Natural Resource Management (CS-3)
- **Case Study No. 4**: Reviving Endogenous Innovation in Farming (CS-4)
- **Case Study No. 5**: Innovation in Gender Mainstreaming (CS-5)

8. Phase II involved assessing IFAD's organizational capability to promote replicable innovations and constraints encountered at the institutional level. The main premise is that if, as an organization, IFAD is not innovative it cannot provide the enabling environment for its staff and partners successfully to promote field-level innovations. Three different perspectives of IFAD's innovation ability were assessed: those of its staff; those of its cooperating agencies; and those of partner non-governmental organizations (NGOs). This assessment was undertaken jointly by the Institute of Development Studies (IDS) at the University of Sussex and the Centre for Research in Innovation Management (CENTRIM) at the University of Brighton.

9. In line with OE's current evaluation approach, the evaluation under reference was overseen by a core learning partnership (CLP) composed of IFAD staff representing a wide range of units,

interests and grades within IFAD.<sup>1</sup> In addition to informal consultations, the CLP held two workshops at IFAD at the end of each phase to discuss the results obtained and decide the way forward. Senior management was briefed on the results of Phases I and II in November 2001.

#### **III. HIGHLIGHTS OF EVALUATION FINDINGS**

#### A. Understanding Innovations and Scaling up

10. **Complexity of promoting innovations for IFAD**. First and foremost, it should be noted that IFAD finds itself in a rather complex position in terms of promoting innovation. The extent to which it can have a direct influence on innovation outside its own organizational boundaries and instruments is seriously limited both by its small size and by its *modus operandi*. While IFAD can most definitely be an innovator with respect to its own organizational/bureaucratic structure and norms and the instruments it uses to discharge its mandate, as an IFI with no field presence, it can only innovate through partnerships. Furthermore, IFAD has no research and development capacity to support innovations.

11. **The innovation process**. A fairly common way for social sciences to view the innovation process, for both technology and development approaches, is to: (i) recognize a need/opportunity for innovation; (ii) scout for and select a promising innovative solution from a range of options; (iii) test (in order to check users' reactions) innovation performance and impact; (iv) modify and improve as a result of test results; (v) extract and share lessons learned from innovations; (vi) promote (by 'marketing' or dissemination) the innovation; and (vii) arrange for users to replicate/upscale innovations with support from various agencies. The present innovation process in IFAD is loosely defined, and its various steps are not clearly recognizable in the institution's work. Important steps – such as testing – may be omitted or cut short in order to arrive more quickly at the promotion stage. The Fund's entry and exit points in the innovation process may also vary along the entire spectrum of project design and implementation.

12. **IFAD's innovation agenda**. IFAD's intention to promote innovation in rural poverty alleviation has been always present in the organization's rhetoric. However, there has always been a lack of clear strategic directions to drive innovation, guide operations in scouting for innovation and for its promotion and scaling up. This lack of strategic directions to set a clear innovations agenda for IFAD has led to:

- no common institutional understanding of innovation and its process;
- an incomplete innovation process; not well integrated into IFAD's operations;
- unclear selection criteria for innovation; no guiding principles for its promotion; and no clear 'marketing strategy' for scaling up successful innovations;
- little record and assessment of IFAD's field innovations and of their contribution to poverty alleviation; and
- no clear mechanism for learning from and disseminating innovations.

13. As a consequence, IFAD's innovation concept and practice have been interpreted in a variety of different ways. The current approach to innovation is individualized, decentralized and unsystematic, and is determined by individual and chance factors rather than by a well-defined and acceptable

<sup>&</sup>lt;sup>1</sup> The CLP is composed of the Vice President; the Director, OE; one Director from PD; one staff member from the PD front office; two representatives of the Technical Advisory Division; five representatives of PD Regional Divisions; the focal point for the Knowledge Management Coordinating Unit; one representative from the Economic Policy and Resource Strategy Department (ED); the Coordinator, NGO Unit (ED); and the Senior Evaluation Officer in charge of the evaluation.

sequential process. While innovations do take place, this fragmented, ad hoc style does not lend itself to good use of IFAD resources.

14. **Influence of the design-implementation gap.** While IFAD has a relatively strong project design capacity (through consultants) and a small capacity to administer loans or grants, its lack of field presence has limited its capacity for project supervision and implementation follow-up. This design-implementation gap has further reduced IFAD's ability to gain a clear understanding of innovation and to influence its process and impact. IFAD and/or its partner agencies have not systematically followed up innovations identified at the design stage. Supervision activities have no clear focus on the innovative features included in project design and rarely recognize implementation-stage innovations. Furthermore, evaluation does not explicitly evaluate innovations. When IFAD innovation takes place, only rarely are lessons learned about the innovation and its impact.

15. **Influence of partnerships**. Even at the design stage, IFAD's capacity to scout for and select innovations is limited by time constraints on design missions and the lack of an IFAD country presence. Establishing good partnerships at the country level would greatly facilitate this task. Innovation intentions (as expressed in project design) will not materialize unless implementation-stage partners (including cooperating institutions) are committed to and supportive of such innovations. Implementing innovations is not, by itself, sufficient. To increase their impact, learning from innovations and sharing, disseminating and managing the lessons learned from them are essential for replicating and scaling up successes. Forging strategic partnerships from the design stage is critical for scaling up, i.e. adopting innovations on a much larger scale. To date, IFAD has placed little institutional emphasis on the role of partnerships in promoting innovation and in replicating and scaling up successful cases. This is a serious shortcoming because IFAD must be seen as a promoter of innovations through its partnerships, rather than as an inventor.

16. The challenge of finding capacity and commitment among partners. IFAD's own capacity for innovation is largely determined by the capacity and willingness of its partners in this respect. The Fund has the following groups of partners: (i) donors; (ii) borrowers; (iii) cooperating institutions (some of which are also cofinancing partners); (iv) NGOs, civil-society organizations and the private sector; (v) implementation partners (governmental and non-governmental) at the field level; (vi) international, regional and national research institutions; and (vii) the rural poor and their formal and informal organizations. These partnerships influence the types of innovations that the Fund promotes; they affect how successfully it goes about this task; and they determine what is learned from the innovation experience. Overall, partnerships have been a mixed blessing in terms of IFAD's capacity to promote innovation: some have increased this capacity; others have limited it.

17. One major constraint to the success and impact of innovations is insufficient capacity and commitment among implementation-stage partners, such as decentralized government structures, rural finance organizations, NGOs and community-based organizations (CBOs). Innovative approaches to reducing rural poverty, particularly in terms of strengthening grass-roots institutions, usually call for better management skills and more committed staff. NGOs are often used to fill the gaps in government capacity and to build up community-level capacity. However, there is a dearth of experienced, competent NGOs to provide field support to relatively large investment projects. A large number of small implementation partners may also create serious coordination difficulties for project management. Capacity constraints in projects are not always addressed early enough.

18. IFAD has traditionally relied on partners for supervision and project-based monitoring and evaluation (M&E). Resource constraints affect the frequency and quality of field supervision, which in turn affects innovation performance and limits IFAD's learning on innovation. Project-based M&E is an important element in the success and replication of innovations, but there is almost never enough capacity for it among the Fund's implementing partners.

19. **IFAD's innovation style**. At the grass-roots level, IFAD's innovation style may be seen as falling into two broad categories: a 'facilitation' style, primarily based on recognizing promising local know-how and adding a 'minimal' external input or improvement; and a 'promotional' style that involves the transfer and marketing of external innovations adapted to local conditions and/or mixed with indigenous elements. On the basis of the case studies reviewed, and in consultation with IFAD staff and partners, it was agreed that innovations promoted by IFAD in the field have five characteristics that should form the basis of IFAD's operational definition of innovation:

- (i) It is a process.
- (ii) It occurs in reference to a context.
- (iii) It is aimed at improvement.
- (iv) It has potential for replication and scaling up.
- (v) It takes place in partnership with others.

#### **B.** Characteristics of Innovation Promoted by IFAD

20. The majority of IFAD's innovations are not really 'new', although they may be new to the project area involved. Most have already been tried out (this does not imply 'tested') by other partners or by the rural poor themselves. The IFAD intervention may make small modifications to adapt the innovation to the project area and people involved, to implementing agency capacity, to a different scale and pace of implementation, or to IFAD's own policies and priorities.

21. Most IFAD-promoted innovations do not involve major change. While there are exceptions, the majority of IFAD-promoted innovations involve relatively small improvements to an existing approach or technology. This is not a negative feature: given rural poor people's reluctance to take risks, small incremental improvements are more likely to have an impact and to be sustainable than are sudden major changes.

22. IFAD-promoted innovations usually require some change in attitudes or practices by the rural poor, such as different forms of organization, different agricultural, financial or marketing practices and different patterns of relationships with governments, the private sector, other actors in the rural sector or each other.

23. The Fund is generally more concerned with innovations in approach or strategy than with innovations in technology. Technological innovation concerns intermediate technology rather than 'high technology'. Both indigenous technology and technology from external sources may be involved.

24. IFAD-promoted innovation is wide-ranging. The innovations most commonly referred to in RRPs are: participatory approaches; innovative implementation strategies; new approaches to decentralization or capacity building; and new partnerships (usually referring to NGOs, civil-society organizations or private-sector actors).

#### C. The Process of Promoting Innovation in IFAD's Practice

25. **Recognizing the need for innovation**. In principle, the IFAD innovation process starts with recognizing a need or opportunity for innovation or improvement, preferably by the rural poor themselves. In projects, this may occur during formulation-stage participatory rural appraisals. CS-4 on the Machobane Farming System (MFS) and soil and water conservation activities under the SPA clearly illustrates how successful innovations are based on local farmer practices and interests.

26. Selection of promising innovative solutions. IFAD has no formal innovation pipeline or established criteria for selecting or identifying innovations, but draws on a range of sources such as technical assistance (TA) grants for agricultural research and training, the IFAD/NGO Extended Cooperation Programme (ECP), project experience, NGOs, bilateral organizations, the private sector and indigenous knowledge. Both chance and development fashion appears to play a role in this regard. With MFS (CS-4), the innovation was identified by chance during implementation, whereas the innovations mentioned in CS-3 and CS-5 were the result of a systematic search for solutions.

27. **Testing of the innovation**. Testing is a relatively weak aspect of the innovation process in IFAD. Loan processing pressures or taking it for granted that 'innovation is always good' often lead to inadequate testing (as in CS-2). Innovations may be tested through IFAD's TA grant-funded projects or even in a limited way in loan projects. It often happens that projects pick up innovations that have been tested by an NGO or other partners. User participation in testing is illustrated in CS-1 and CS-4.

28. **Promotion of innovations**. Inadequate piloting and phasing in promoting innovations may have a serious effect both on the impact of IFAD projects and on loan disbursements. In newer projects, there appears to be a greater awareness of the potential of information, motivation and education (communications support) for catalysing and targeting innovations. Innovations that meet a need may be disseminated quickly by word-of-mouth, as in CS-1, or by means of horizontal promotion, as in CS-4.

29. **Extraction and sharing of learning from innovations**. Potentially, IFAD can extract and use learning from innovations at the level of: (i) a single innovative initiative, to improve the impact of that innovation; (ii) several replications of the same innovation (such as FSAs or community funds), to improve the model; and (iii) multiple, and diverse, innovations to enhance IFAD's understanding of promoting innovation for rural poverty reduction. The Programme for Strengthening Gender Aspects in IFAD Projects (CS-5) shows how learning can enhance replication both by IFAD projects and partners.

30. **Replication/scaling up of IFAD-promoted innovation**. An IFAD-pioneered innovation may be replicated by other IFAD projects or by its partners such as the World Bank, regional banks, governments or even large NGOs. The Fund, in turn, replicates innovations pioneered by other partners. The case studies demonstrate the need to base any replication on knowledge and learning about the innovation itself and on an understanding of the people targeted, their level of poverty and their livelihoods.

## **D.** Difficulties in Promoting Innovation

31. Innovation is always a challenging and difficult activity – all the more so for IFAD, given its poverty mandate and organizational nature.

32. **Lead-time**. Innovation normally takes a long time to develop before it is ready for dissemination. As an example, the field testing of an innovation such as the FSAs (CS-2) may be expected to take at least four-to-five years in any given situation and should be repeated in at least three different countries before going to scale. *The challenge: how to find innovations that are ready for dissemination under IFAD projects, without having to resort to extensive testing.* 

33. **Risk**. For IFAD, the main risks associated with innovation are: that the innovation will fail to solve the problem it was intended to address; that it will not reap the intended benefits for the rural poor or even produce negative effects; and that it will become a bottleneck to loan disbursement. A thorough assessment of the risks of innovation is essential even if it leads to longer design time. *The* 

challenge: how to develop an IFAD culture that will make it possible to thoroughly assess and discuss such risks.

34. **Impact**. Due to their very nature, many innovations in the development arena fail to meet expectations: they may not be adopted or fail to make a positive impact due to poor marketing or dissemination, bad timing or too much opposition. The innovations may prove to be too costly in financial or other terms, or they may simply have been poorly conceived or designed in the first place. Continuous impact monitoring is therefore essential, albeit challenging, because of well-known gaps in capacity and commitment to M&E. *The challenge: how to more effectively monitor and assess the impact of innovations in order to assure benefits*.

35. **Benefits for the poor**. Experience on the diffusion of innovations argues that they will not be as easily or quickly adopted by people who are poorer, less educated, less accustomed to change in general and, for all these reasons, more reluctant to take risks. Partial or late adoption can also decrease benefits. Built-in project activities can assist in bridging information and motivation gaps among IFAD target groups and others in the project areas. Linking innovation to traditional practice and knowledge also helps. *The challenge: how to avoid a trade-off between innovation and benefiting the poor*.

36. **Opposition**. Attempts to introduce innovation always meet with opposition. IFAD projects that attempt to redress historical inequalities and injustice frequently encounter opposition, either overt or subtle, from those with vested power. Examples here are attempts to provide land or water rights to ethnic minorities, poor people or women, and to include women in formerly male-dominated organizations. If foreseen in time, opposition can be diverted (e.g. extension for women in Yemen, as described in CS-5). *The challenge: how to predict opposition to innovation and minimize it.* 

## E. How Well Do IFAD Instruments Work for Innovation?

37. **The Fund does not have innovation-specific instruments**. The promotion of innovation within IFAD is handled through the instruments the Fund uses to discharge its mandate. These include: loan projects, the TA grants programme, M&E, partnership, policy dialogue, etc. The evaluation under review assessed the strengths and weaknesses of instruments for promoting replicable innovations.

38. **IFAD-financed projects**. Loan projects are excellent vehicles for promoting and replicating tested, reasonably 'safe' innovations for the purpose of minimizing risks both for the borrowing countries and for IFAD as a financial institution. At the design stage, but especially during implementation, IFAD's projects make it possible to recognize areas that require innovations for rural poverty alleviation and identify promising innovative approaches for future testing and contextual adaptation. Projects can be effective instruments in generating learning on innovations for scaling up and replication by partners. Some, albeit few, successful innovative activities in IFAD projects have performed less well than expected. Staff estimate that perhaps half the innovative features present at the design stage have not been implemented at all. This may be the result of, *inter alia*, ambitious/unrealistic design and insufficient capacity and commitment by partners. The weakest aspect of all has been the ability of IFAD projects to generate knowledge about innovation. Much has been done, but little has been learned about innovation.

39. Since December 1997, a short section on innovative project features has been a mandatory feature of all RRPs. After reviewing that section of the RRPs produced in 1999 and 2000, the evaluation confirmed that there were wide differences in the understanding of replicable innovation and in the innovation approach and processes. Almost none of the innovations included a clear

objective and strategy for their scaling up, and a wide range of quality and usefulness was observed. As these projects are all of recent origin, it is still not possible to verify whether or not the innovations materialized or to assess their achievements and replication/scaling up.

Innovation features in RRPs (1999-2000)	% of total
Innovative participatory approaches	18
Innovative implementation strategy or arrangements	16
New approaches to decentralization and related capacity building	15
New partnerships (usually with NGOs)	12
Gender mainstreaming	9
Privatization of project services	8
Innovative research and technology	7
New targeting priorities or strategies (poor, minorities, women)	6
New market linkages	4
Policy dialogue or links	3
Networking	2
Communication support	2

40. **TA grants for agricultural research**. TA grants are particularly useful for testing and adapting innovative pro-poor farming technologies and approaches within specific contexts. Supporting technological innovation was one of the original objectives of the TA grant programme. Limited forward and backward links with IFAD projects have been recognized as a weakness in the programme. Over the last ten years, TA grants for agricultural research have become more poverty focused and better linked to IFAD projects. However, agricultural research has progressively lost importance over the years and more resources have been allocated to networking, training and capacity building. There has been no assessment of the value of these activities with respect to promoting innovation. In general, innovation learning from TA grants has been below potential, and operational links with both loan and IFAD/NGO ECP projects could be further strengthened (for a good example of such a link, see box below). TA grants for agricultural research have historically involved partnerships with a relatively small group of innovation partners (a few Consultative Group on International Agricultural Research (CGIAR) and non-CGIAR regional research institutions). An assessment should be made of how this narrow spread in the allocation of TA grant resources affects the responsiveness to grass-roots innovation needs and how it influences participation in and use of results by IFAD stakeholders in various countries. OE's ongoing evaluation of TA grants for agricultural research will cover all these issues.

#### A TA agricultural research-IFAD/NGO ECP link to test innovative approaches

The IFAD/NGO ECP grant to Sahel-DEFIS in Burkina Faso was triggered off by an IFAD/United Nations Industrial Development Organization (UNIDO) TA grant for the development/dissemination of appropriate food-processing technology for rural women in sub-Saharan Africa. Research under the TA grant evolved into a 'multi-purpose platform'. In 1995, IFAD/UNIDO proposed a further review of, and improvements to, the concept on such important practical dimensions as regular maintenance and equipment renewal, and on ways of maximizing benefits. Some of this work was undertaken by UNIDO, but gaps remained. The IFAD/NGO ECP grant was therefore provided to fill these gaps through piloting the multipurpose platform at the field level. Both grants fed into IFAD lending activities for rural microenterprises, both in Burkina Faso and elsewhere in the Sahel region.

41. **IFAD/NGO ECP grants to NGOs.** The IFAD/NGO ECP programme's main strength in terms of promoting innovation is in the field-testing and adaptation of innovative community-based, socioeconomic and institutional approaches and technologies on a relatively small scale for subsequent scaling up by IFAD projects. As such, this small grant line could be a key element in IFAD's innovation process. One problem with the current functioning of the IFAD/NGO ECP is that the NGOs that receive the grants do not always fully understand the concept of goal testing. M&E and reporting on these grants tend to be undertaken more for the purpose of broadcasting the results rather than as a learning exercise. There is also an in-house tendency to use these funds for operational support rather than for promoting innovation. There are several excellent examples of the innovative role of the IFAD/NGO ECP programme at the local grass-roots level. OE's evaluation of the programme in 2000 involved an assessment of its actual and potential use for promoting innovations and of constraints in this respect. An Agreement at Completion was reached between OE, PD and ED. Some of the recommendations contained in the agreement have been implemented, but others, such as the development of an IFAD strategy for its relations with NGOs, are still to be acted upon.

#### An IFAD/NGO ECP loan project link to test innovative approaches

**Peru:** The NGO Andean Teaching Research Centre implemented one of the earliest IFAD/NGO ECP grants in Peru – Strengthening Extension and Training Services. The project piloted an innovative area agricultural extension system, that was to be community-based, demand-driven, self-sustaining (with agents paid by communities), culturally and linguistically appropriate, and staffed by men and women selected and trained locally. The project aimed at facilitating an improved and more sustainable extension system that would be able to operate during the prevailing situation of violence in the Andes (the 'Shining Path'). The activities undertaken with the grant acted as a pilot to test the new approach for the IFAD-financed loan project Strengthening Extension Services in the Highlands, and established relations with another ongoing IFAD loan project (185-PE).

**Guinea-Bissau**: The IFAD/NGO ECP grant Pilot Village-Based Land Management Activities in Tombali created a bridge between IFAD's past and future activities. Specifically, it was to pilot an innovative approach to participatory development and self-reliance and, in that context, test the *gestion de terroirs* model in Guinea-Bissau. That model recognizes the importance of indigenous knowledge for sound management of local natural resources, and encourages a participatory approach to diagnosing problems and identifying solutions. IFAD's aim was to build on this learning for its new project pipeline. This IFAD/NGO ECP grant project received considerable support and supervision from IFAD and provided inputs to loan projects.

42. **Partnerships**. As mentioned earlier (paragraphs 15-18), in view of IFAD's current operational modalities, lack of field presence and limitations on direct supervision, the Fund's promotion of innovation is first and foremost undertaken through its partnerships. Partners play a crucial role in identifying, testing and adapting innovations, in the success of these activities and in determining what is learned from the innovation experience. Strategic partnerships throughout the project cycle and in policy dialogue are essential for scaling up successful innovations to increase the impact of IFAD's operations. While it may be argued that IFAD's role in its partnerships is progressively increasing, it will never have full control of the choice of its partners or of how the partnerships operate. Forging and effectively managing partnerships remains a challenge. Evaluation findings argue that one major constraint to the success and impact of innovation is the lack of sufficient capacity and commitment among IFAD's partners.

#### A positive illustration of the role of cooperating institutions in innovation

As a general rule, IFAD's cooperating institutions do not play a strong role in promoting innovations, although there are exceptions to this rule. The innovation based on an indigenous farming system in Lesotho (MFS - CS-3) provides one example. In this case, the innovation was introduced during implementation. United Nations Office for Project Services (UNOPS) supervision missions visited this small 'fringe' innovation in the field, agreed to a funding allocation and mentioned it in their reports. While the dynamic personality and dedication of the agro-forestry researcher attached to project management was an important factor, UNOPS deserves credit for its timely efforts that were crucial to the revival and promotion of this indigenous farming system.

43. **Monitoring and evaluation**. Project-level M&E identifies problems that call for innovative solutions, provides early warning of problems in innovations, suggests remedial action, and identifies opportunities for scaling up and replication. Independent evaluations (IEs) make an important contribution to IFAD's knowledge base on innovations. To be more useful, however, IEs should focus on assessing innovative activities with particular attention to adoption patterns, bottlenecks and impact.

44. **Policy dialogue**. Such dialogue may create an enabling environment for field-level innovation and become a vehicle for wider replication of an innovation that IFAD has promoted. Specific policy changes are sometimes needed for IFAD projects to be able to achieve their objectives. Policy change can itself become an innovation goal in that, through its projects, IFAD consciously strives to influence policy-makers to reorient their policy and regulatory frameworks in favour of the poor. CS3 provides a good example of how project-based policy dialogue can result in innovative changes for pro-poor policies.

45. **The overall picture**. While, as a general rule, IFAD instruments have been used sporadically to promote innovation and have met with some success, such use has not been focused and systematic and has not followed a sequential innovation process like that described in paragraph 11. Moreover, the use of IFAD instruments to promote innovations has not been adequately synchronized and linked to the requirements of the innovation process. The synchronization of instruments refers to the planning and sequential use of instruments at the most suitable stage of the innovation process. Remoteness from the field and the limited capacity and commitment of partners has both reduced the effectiveness of these instruments to promote innovation and weakened the innovations' potential for scaling up. Strategic partnerships from the design stage onwards have not been sufficiently used for enhancing IFAD's role in promoting and scaling up innovations, and for increasing the Fund's poverty-reduction impact.

46. Little has been learned from innovations promoted by IFAD through its instruments. Innovation knowledge-management has yet to reach its potential at both the project and corporate levels.

47. In view of the foregoing, the Fund has only partly succeeded in promoting replicable innovations, and its overall performance in this area has been inconsistent.

#### F. Learning from IFAD's Field Innovations: Features of Innovations that Worked

48. The findings drawn from the case studies selected for the evaluation indicate that IFAD's successful innovations shared the following characteristics:

- they followed a more structured process, with clear sequential steps;
- they addressed a need widely shared by the poor;
- they built on existing or traditional knowledge, technologies, practice, cultural and social norms;
- their advantages were clear to farmers and the rewards were rapidly visible;
- the cost of adopting them was affordable, in terms of the financial burden, increased workloads and social costs;
- they were relatively simple, and less likely to arouse distrust among the rural poor;
- they were well tested: prior testing and piloting of innovations is necessary to reduce risks and unknown factors, particularly when innovations are brought in from outside the area;
- they were based on exchanges of farmer knowledge within project areas and among regions;
- the project design approach was flexible and frequent adjustments took place during implementation of the innovations;
- there was genuine commitment on the part of IFAD, project and cooperating institution staff, and systematic IFAD follow-up;
- the correct policy environment and effective partnership facilitated them; and
- they are easily reversible if they do not succeed.

## A successful low-risk innovation in soil and water conservation in Niger: building on local farmers' knowledge

The SPA experience with indigenous soil and water conservation techniques in the Illela District of Niger illustrates how the nature of an innovation can help to reduce risks for farmers, as described in CS-1. The technology used was traditional pit digging in soils that had been sealed by a thin, hard crust due to the effects of wind and water. These pits are known as *tassas* in Niger or *zai* in Burkina Faso. IFAD's role was that of a facilitator – recognizing the potential of the technology and helping farmers to improve and test it. The improved technology spread quickly because the benefits were evident; and, for the reasons given below, the risks to farmers were reduced:

- A few farmers in the area had already used similar technology, so it was familiar to them.
- It was simple, and farmers did not need to learn much in the way of new skills.
- It did not require changes in the crops they grew.
- The farmers already had most of the tools needed (but pick-ups supplied by IFAD made work easier).
- The technology relied on local inputs of labour and manure (and the action of local termites).
- The work could be done during the slow agricultural periods.
- There were no social problems or cross-cultural barriers.
- If farmers did not like the results they could easily fill in the holes.
- The innovation was constantly monitored and assessed through an innovative and committed partnership.

## G. Does IFAD's Organization and Culture Foster Innovation?

49. This question was posed to assess both IFAD's organizational strength and the constraints encountered in promoting innovative behaviour and actions on the part of the organization's staff and partners. As mentioned in paragraphs 5 and 8, IFAD's organizational culture and innovation

capabilities provide the enabling environment and incentive framework for its staff and partners to promote field-level innovation.

50. The innovation capability of the organization is defined as 'effectively and frequently exploiting the value of new ideas for the benefit of one or more stakeholders groups'. The quantitative and qualitative analysis undertaken by the IDS/CENTRIM team (see paragraph 8) aimed at defining the organization's innovation profile and identifying drivers of and blockages to its innovation capabilities. The team undertook a structured assessment of perceived capabilities against an innovation capability reference model. In May 2001, an innovation capability questionnaire was completed by 40 IFAD staff covering the full spectrum of professional grades and covering the previous six months. The questionnaire (customized specifically for IFAD) reflects an innovation model based on existing innovation literature and extensive empirical research on the innovation capability of more than 100 organizations, including ten public service providers and non-profitmaking institutions. The questionnaire comprised 56 elements/questions (required behaviours for high innovative capabilities) clustered into 18 components, and was further consolidated into an overarching framework of six domains. The quantitative results of the questionnaire were analysed to identify drivers of and blockages to organizational innovation. Key issues from analysis of the completed questionnaires were identified for use in follow-up internal and external interviews and discussion group sessions. Qualitative data from these interviews and discussion groups were analysed using qualitative analytical software, which made it possible to produce 'mind-maps' that graphically illustrated the patterns identified and views expressed. These results were used to challenge, validate and extend the quantitative results of the questionnaire survey.

51. The interviews and discussion groups were comprised of IFAD staff and a number of external partners (Investment Centre of the Food and Agriculture Organization of the United Nations (FAO) and the Rome office of UNOPS). A complementary questionnaire was designed and completed by a sample of 15 NGOs working closely with IFAD in 12 different countries (representing all IFAD's operational regions). The results of this questionnaire provided additional information about partners' perceptions of IFAD's innovation capabilities. The overall results obtained from the analysis were compared with the reference model database, and examples of good practice were used in the formulation of recommendations on how to strengthen innovative capabilities within IFAD.

52. **The six innovation domains** used to analyse organizational drivers of and blockages to innovations were: direction; capability; culture; learning; structure and processes; and decision-making. These are briefly defined as follows:

- **Direction** refers to the attributes required for senior managers if they are to support innovation; the ability of the organization to direct innovative capabilities in such a way as to enhance the organization's strategic advantage; and the ability to manage change.
- **Capability** refers to the quality and motivation of key people within the organization; the existence of a range of 'hard' (e.g. systems, equipment, investments, etc.) and 'soft' (human-based skill sets) competencies; and the ability to implement innovation initiatives (task management).
- **Culture** includes the extent to which individuals are 'empowered' to take initiatives, motivated to innovate and supported by relevant training; the extent to which senior management expect staff to be innovative; and the degree to which people feel 'engaged' in the goals of the organization.
- **Learning** means the extent to which continuous structured learning occurs, acquiring multiple perspectives takes place and the distance of learning relationships with partner organizations. It tests the use and effectiveness of training in the organization. Areas examined here included teamwork and problem-solving; how knowledge is captured and shared; the degree of experimentation that takes place; the potential for divergent views

to be explored; and how the organization keeps track of state-of-the-art knowledge in this field.

- **Structure and processes** address the extent to which the structure of the organization supports innovation and to which processes and routines facilitate innovation. It also examines the roles of 'champions' (those who drive ideas and initiatives) and 'sponsors', and the degree to which various stages of the 'innovation process' are managed.
- **Decision-making**. This involves the extent of sound but daring decision processes backed up by appropriate information systems and risk-management techniques. It also includes the development of 'conceptual road maps' (e.g. poverty-reduction approaches and philosophies) and the extent to which they are at the cutting edge of the relevant field.

53. **Is IFAD an innovative organization?** The results indicate that IFAD's capability to be a wellspring of innovation is under threat. The scores from the quantitative study show that IFAD compares poorly with a wide cross-section of organizations that have been reviewed using this approach (IFAD scored in the bottom 10%). The evaluation shows that while the Fund has numerous strengths and potential as a catalytic innovative organization that should be built on, there are also many hindering factors that need to be addressed.

54. **IFAD's organizational strengths**. Overall, IFAD staff is highly committed to the organization's mandate and to the search for innovative solutions. They are also convinced of the essential role that IFAD can and should play in promoting replicable innovation for poverty reduction. The organization's willingness and potential to be innovative have been confirmed through the positive views of field partners regarding its innovative capacity and potential. Despite numerous constraints, as a general rule IFAD's fieldwork tends to be innovative and some of it was scaled up. IFAD's existing instruments have an untapped potential for innovation. The commitment of its governing bodies and senior management to innovation (as illustrated by the request for this evaluation) is also an indicative strength for further enhancement of innovations. In addition, IFAD's diversified partnerships offer many valuable opportunities for strengthening the organization's role in innovation.

55. **Organizational blockages to innovation**. Despite the foregoing, there are significant blockages to innovation at the organizational level. According to the staff, the Fund has been innovative in the field 'despite the organization'. A number of these blockages may have been identified by previous studies undertaken or commissioned by IFAD, but the evaluation found that they had not been fully addressed or alleviated by recent efforts to bring about process improvement. These blockages, as per staff perceptions, are summarized below.

- No clear institutional direction for innovation. The strategic planning was not seen as setting an agenda for innovation, and IFAD was described as lacking a clear innovation vision. Staff feels that core values have been obscured, intellectual leadership has not been respected and a pressure for project approval drives the organization. IFAD's leaders have not promoted change and they are not in tune with the organization's reputation for adopting participatory, community-driven approaches to development. Communication between senior managers and staff was judged to be extremely limited.
- **Insufficient capability to innovate (lack of innovation-related skills and competencies).** As an organization, IFAD was not seen as being innovative or as conducive to innovation: rather, it was seen as being indifferent because innovation-specific competencies in individuals were not systemically sought, developed, encouraged or assessed. The availability of resources required for innovation were seen as patchy, and no priority was given to innovative activities. Note was taken of the absence of skills needed for the scaling up and replication of successful innovations. A

significant dichotomy in innovative behaviour was observed between field and headquarters activities.

- Organizational culture does not support innovation. The data suggests that the Fund's overall organizational culture constitutes a significant blockage to innovation. While some staff (e.g. country portfolio managers) appear to use considerable discretion in the way they operate, the style adopted by some members of senior management was not seen as empowering staff to take innovative initiatives. In the past, management was thought to have been increasingly elitist and image-conscious, which is not conducive to innovative behaviour. Innovation is not systematically expected – as evidenced by the individual performance planning and appraisal system (IPS), which does not encourage innovation. IFAD was thought to be less responsive than before to individuals who champion new ideas; managers do not sufficiently sponsor and support such champions. There are no rewards for innovation and initiative and the incentive framework for innovation is inadequate. Staff perceived two different sets of values: creativity and innovations versus the project approval culture. The latter was seen as driving the organization as IFAD appeared to focus on projects rather than on innovation, replication and scaling up. Some staff felt that, in the period reviewed, the organization was being driven towards a corporate model that rewarded formality and discouraged creativity. There was a strong sense of frustration and alienation from headquarters, especially among senior professional staff.
- Little learning and sharing of knowledge on innovation. Although some effort is being made to improve the situation, especially with regard to knowledge management, significant gaps still exist, particularly in structured learning, training, knowledge recording and sharing, teamwork and the extent of allowed experimentation, and divergence of views. Difficulties (due to a lack of time) in keeping up with state-of-the-art knowledge in the field of rural poverty alleviation also give rise to concern. Although there was evidence that many individuals and teams seek to acquire and explore new ideas, it was also clear that the search was still too limited and that there were differences between what went on in the field and what happened in Rome.
- Inadequate structure and processes to promote innovation. From an innovation perspective, IFAD's organizational structure has some strength particularly in its ability to support potentially innovative field projects. However, that structure does not adequately support systematic innovation and the dissemination and replication of proven ideas. With regard to the Fund's ability to manage the innovation process, positive elements have been observed in activities such as identifying, selecting, experimenting and delivering innovations. However, these activities often remain unconnected rather than forming a well-defined, coherent process integrated into IFAD's main structure. Furthermore, activities relating to marketing ideas outside IFAD for the purpose of scaling them up are either not sufficiently developed or are totally lacking.
- **Decision-making and conceptual road maps**. One of IFAD's strengths is to be found in its development of conceptual road maps to guide operations, although some suggest that this is more rooted in the past than in the present. Decision-making processes are, however, more problematic as they are required to cope with two conflicting pulls: (i) being a prudent lender; and (ii) providing resources for experimentation, dissemination and promotion of new ideas and their scaling up. At present the pull towards being a prudent lender is apparently stronger than that of being an innovation leader. A great deal of information and ideas are generated by those involved with IFAD projects, but the link with decision-making was thought to be weak.

56. **Partners' perception of innovations – NGOs and Rome-based cooperating agencies**.<sup>2</sup> The NGOs' perception of IFAD's capabilities and leadership in innovation was much more positive than that of the Fund's own staff and Rome-based cooperating agencies, in that they generally classified IFAD as being innovative 'to a great extent'. They praised the Fund's participatory style of innovation, its ability to involve partners in improving operations, influence others in terms of poverty reduction and support innovative approaches. IFAD was urged to provide further support to building up the capacity of NGOs.

57. **IFAD** is viewed by some of its design partners as a rigid, conservative institution with limited innovations. The Fund is perceived as an organization that is tied to rhetoric and slow to adopt ideas; that follows United Nations development fads and buzz words; that is more geared to getting its projects approved; and whose culture hides errors and values cosmetics over substance. It was also suggested that the background of many IFAD professional staff did not prepare them for risk-taking and innovation; and that they were hampered by their workloads and driven by accountability to their line managers, rather than by the search for new ideas and commitment to improvement.

58. Implementation partners argued that scouting for an innovation is best done at the implementation stage and that resources should be allocated to this effect. The implementation process (through M&E and supervision) should be clearly mandated to report on such scouting and monitor and evaluate it on a systematic basis, and adequate resources should be allocated for this purpose. Innovative ideas mentioned in implementation reports are not often picked up: these reports are often skimmed over because of time constraints and other work pressures. The current lack of supervising agency involvement in the design process decreases the potential of internalizing context-specific innovative approaches.

## IV. SUMMARY OF MAIN CONCLUSIONS AND RECOMMENDATIONS

#### A. Main Conclusions

59. The Fund shows promise of a potential niche and strength in promoting replicable innovation for rural poverty alleviation. IFAD's main, but not only, innovation role can be viewed as scouting for, identifying and mediating promising innovative approaches or technologies. As such, together with its partners, the Fund facilitates, promotes and disseminates innovations for rural poverty reduction that are identified from various sources for subsequent scaling up and replication by larger partners, by other IFAD projects and by the poor themselves. Partial testing of innovations for performance improvement and validation can also be done with IFAD instruments.

60. The successful innovation approaches promoted by IFAD are those that are based on a more structured and conscious innovation process, with clear sequential stages that build on the traditional knowledge of the poor, their culture, social norms and resource constraints and that produce fairly rapid results. Commitment, capacity and flexibility on the part of IFAD and its partners are also crucial factors in such success.

61. While innovations have been central to IFAD's vision, the institution still has no strategic agenda for innovations to guide and direct operations. That being the case, IFAD staff has diverse understandings of innovation, and performance in this area varies greatly. The innovation process is neither well understood nor firmly integrated into operations. Innovations promoted by IFAD are not systematically recorded and assessed nor is there a coherent mechanism to generate and disseminate

<sup>&</sup>lt;sup>2</sup> UNOPS/Rome and FAO/Investment Centre.

learning from these innovations. The five geographic regions of IFAD have a different emphasis on and interest in innovation.

62. The innovative quality of IFAD's operations has been commended by some of its NGO partners. However, many IFAD staff members and some of the organization's Rome-based partners see its promotion of replicable innovation as hampered by a general lack of support in its organizational culture, structures and processes. There is a feeling among IFAD staff that the organizational environment is not conducive to innovative behaviour and that it does not provide an adequate incentive framework for innovation. According to staff, the Fund has been able to innovate in the field 'despite the organization'. Needless to say, innovation in such an environment is more difficult, less effective, and less systematic than it could and should be.

63. IFAD performs its poverty-related innovation role in a partnership context at all stages, but the limited capacity and willingness of partners is a major handicap to implementing innovative approaches. So far, the Fund has not put sufficient emphasis on the identification of innovative and capable actors and institutions in its member countries and the development of strategic alliances and partnerships with them to support the promotion and scaling up of innovations.

64. IFAD has no specific instruments to promote innovations. It uses the instruments at its disposal to discharge its mandate for promoting innovations. Each instrument has its own strengths and potential in this respect as well as weaknesses that need to be addressed. With no strategic guidance on innovation or adequate internalization of the innovation process, IFAD projects have promoted innovations on a sporadic and case-by-case basis. TA grants can play an important role in identifying and testing innovations for adaptation and promotion by IFAD projects, but this role is yet to be fully developed.<sup>3</sup> Nevertheless, positive results have been achieved in spite of constraints on identifying innovation during design, capacity limitations during implementation and, above all, the lack of synchronization in the use of various instruments with respect to promoting innovations. M&E has not so far performed its risk-reduction and knowledge-generation role in view of weaknesses in project-based M&E both for grants and loan projects.

65. Staff noted that some IFAD cooperating institutions and executing agencies prove to be weak links in the implementation of project innovations, mainly because of resource and capacity constraints. Providing guidance to major partners and increasing IFAD's involvement both in supervision and in supporting innovative activities, particularly during the early stages of project implementation, may help to redress this problem.

66. Innovation poses another problem for IFAD due to the risk-averse nature of the poor. Since innovation is risky in principle, the better-off, more educated and less risk-averse rural people are likely to be – initially at least – more interested than those who are poorer and with fewer livelihood options. In part, this problem may be resolved through the aforementioned facilitation approach to innovation and by encouraging innovation based on the improvement of indigenous and locally based technologies and approaches.

#### **B.** Recommendations

67. On the basis of the aforementioned analysis, the evaluation mission formulated a set of recommendations aimed at building up institutional strength and, at the same time, removing obstacles to innovation. The following is a summary of these recommendations.

<sup>&</sup>lt;sup>3</sup> The evaluation of the TA grants programme for agricultural research currently ongoing by OE and the completed (2000) evaluation of the IFAD/NGO ECP will contribute to the development of an IFAD policy in this respect.

• **Define innovations for IFAD**. Based on extensive in-house discussion with the CLP and other staff members, the evaluation recommends the following definition of innovation:

"Innovation is a **process** through which IFAD, together with its **partners**, provides **improved** and replicable ways to deal with development problems/opportunities faced by the rural poor in a **specific context**, and promotes their **scaling up**."

- Ascertain strategic commitment to innovations. If IFAD is indeed committed to promoting replicable innovation it must give clear directions to its staff in this respect. The first step would be to reflect this priority in the evolving medium-term strategic framework. The next would be to identify specific areas that reflect main innovation requirements for institutional emphasis in the medium-term and use them to direct operations. To operationalize this commitment, it is essential to develop a link between strategy and the allocation of resources for innovation. The link between strategy and resources can be made directly through increased allocations of funds to innovation within grants and loans, and indirectly, in a variety of functions and activities such as human resources management and training, strategic partnerships for scaling up innovations and systems for information and knowledge management on innovation.
- Understanding the stages of the innovation process and integrating them into current operations. As explained earlier, the innovation process needs to be understood at the institutional level and integrated into the institution's current operations. This would help sharpen the focus of operations on replicable innovations and on scaling up. The exact stages of the process may be flexible and adapted according to the specificity of each case. In principle, the required integration would imply the following:
  - (i) greater emphasis on scouting for and selecting innovation for promotion both at the early design stage and during implementation;
  - selecting design partners with innovation orientation and skills, and reviewing the practice for hiring consultants and for mission composition in order to ensure full support to the entry and quality of innovations;
  - (iii) earlier and improved analysis of innovation risk and of the capacity of partners to implement both loan and grant projects;
  - (iv) systematic focus on the testing of innovations prior to promotion;
  - (v) systematic inclusion of rural communication support components (information, motivation, training), when innovation directly targets the rural poor;
  - (vi) enhancement of project M&E, and particularly participatory monitoring of innovative approaches and constant feedback; and
  - (vii) inclusion of the replication and scaling up of innovations as an integral part of the project cycle and ensuring the appropriate advance planning for this purpose.
- Alignment between organization processes and innovation promotion. The alignment between organization and processes should be increased, on the one hand, and replicable innovation and scaling up should be promoted on the other. This can be addressed, in part, through:
  - (i) Prioritizing innovation as a central criterion in the assessment of grant and loan proposals. This would include reviews of innovative activities by the Project Development Team, Technical Review Committee and PD portfolio reviews.
  - (ii) Synchronizing the use of IFAD instruments based on the requirements of the innovation processes involved. This would imply improved innovation focus of IFAD/NGO ECP grants and TA grants for agriculture research and training and

strengthening their links with each other and with projects to form a more continuous innovation pipeline.

- (iii) Investigating options for introducing specific instruments to promote innovation.
- (iv) Reconfiguring partnerships to match the requirements of the innovation process (e.g. partnering with NGOs/CBOs in scouting for innovation and with governments, IFIs and other donors for replication and scaling up) and the development of effective models of partnership for scaling up innovations.
- (v) Promoting the scaling up of innovations into IFAD's core business through appropriate marketing skills.
- (vi) Strengthening innovation knowledge management, sharing and dissemination. The Fund should start by learning more from its ongoing innovation experience and keeping a record of the innovations promoted and associated lessons. This might be supported through supervision and M&E of field innovations and regular reporting. Analysis and dissemination of this knowledge in a user-friendly manner, both internally and externally, also calls for priority attention on the part of IFAD.
- (vii) Strengthening external evaluation of innovative features for learning, with specific emphasis on innovation in the evaluation work programme.
- **Build up skills and competencies for innovation**. The paucity of skills and competencies related to the identification, promotion and replication of innovation is linked to the way staff are selected, trained and rewarded. IFAD does not pay enough attention to recruiting staff with innovation skills. Moreover, it has not yet developed innovation competencies and does not really reward innovators. The Fund should develop an IFAD-specific innovation competency model that identifies the new knowledge and skills needed, and use the model for recruiting, training, appraising, rewarding and coaching. In addition, a reassessment of the role of the human resource management function in IFAD is required to help reorient it towards supporting innovation.
- **Reorient IFAD's culture towards promoting innovation as part of its catalytic role.** The distance identified in the past between senior management and staff has been exacerbated by the perception of different cultures existing between people at IFAD headquarters in Rome and those with operational responsibilities in the field. Headquarters was seen both as formal and non-conducive to innovation and as promoting corporate management approaches that were remote from work in the field. Managers should empower staff to take initiatives, encourage and 'sponsor' new ideas and 'champions' and become more accessible to staff. The IPS and the organization's incentive structure should both demand innovation and reward it. IFAD should strive to avoid being a project factory but rather an institution that encourages creativity and risk-taking and manages innovation as an integral part of its project cycle. Pursuing the systematic promotion of replicable innovation was identified as an important part of IFAD's catalytic role in the Strategic Framework 2002-2006. This implies that the ultimate aim of any project extends beyond 'direct impact' to achieving replicability and scaling up successful innovative approaches.



