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Enabling the rural poor
to overcome poverty

OE comments on the IFAD Innovation Strategy

Evaluation Committee — Forty-eighth Session
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For: **Review**

Note to Evaluation Committee members

This document is submitted for review by the Evaluation Committee.

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OE comments on the IFAD Innovation Strategy

1. In line with paragraph 47 of the Terms of Reference and Rules of Procedure of the Evaluation Committee, the Office of Evaluation (OE) has reviewed the proposed IFAD Innovation Strategy,¹ which will be considered by the Executive Board in September 2007 at its ninety-first session. OE's comments on the strategy are contained in this document, which is presented for discussion by the Evaluation Committee at its forty-eighth session.
2. In general, the IFAD Innovation Strategy is well prepared and will be a useful reference for IFAD staff and others concerned. In addition, the strategy (i) proposes an IFAD-specific definition for innovation, (ii) builds on lessons from IFAD's own experiences and those of other development partners, (iii) recognizes the need to establish linkages with relevant corporate processes (e.g. knowledge management, country presence, and direct supervision and implementation support), and (iv) proposes logical steps for the implementation of the strategy, in particular, the establishment of an innovations services group, using existing staff resources.²
3. The strategy clearly outlines why innovation is important to IFAD, and why an innovation strategy is needed. In this regard, one important finding emerging from recent evaluations is that, for some countries (e.g. Brazil, China, India and Mexico), while the resources IFAD provides are important, of much greater interest are the innovations that IFAD promotes through its operations and the opportunities afforded to countries to learn about successfully applied innovations in other countries. On the other hand, in other (especially smaller) countries, although innovation may be important, often the main attraction of engaging with IFAD is obtaining access to the financial resources made available on highly concessional terms for rural poverty reduction activities. Therefore, for IFAD, an innovation strategy needs to consider adopting a differentiated approach, one that, inter alia, takes into account the varying country circumstances and priorities.
4. Furthermore, it may be useful to clarify whether all IFAD-funded projects and programmes are required to be innovative in nature or whether this should be restricted to a selection of operations. At times, there may be tension between achieving impact and promoting innovations, an eventuality recognized by the proposed innovation strategy itself. Moreover, it may be useful during the implementation of the strategy to establish criteria that will help determine whether or not to pursue a potentially promising innovation. Similarly, consideration is needed of the usefulness of establishing ex ante annual targets for IFAD in relation to the three types of innovations (adoption, adaptation and creation) proposed in the strategy.
5. Another key finding of recent evaluations (the country programme evaluations in Brazil, Mali and Morocco, the evaluation of IFAD's regional strategy in Asia and the Pacific, among others) reveal that there are some good examples of innovation in the context of IFAD operations. This encouraging finding indicates that such innovations seem to have been achieved mainly through the creativity, specific interests and efforts of individual staff, rather than through a systematic process of innovation promotion. The proposed strategy, hopefully, will provide the required framework for taking a more coherent and structured approach to innovation in IFAD operations.
6. However, the same evaluations also underline that there are few examples of scaling up successfully promoted innovations. This will require specific efforts and close

¹ Document EB 2007/91/R.3.

² The team currently managing the Initiative for Mainstreaming Innovation will be renamed the Innovation Services Group.

synergies with the Fund's knowledge management, policy dialogue and partnership-building processes. In sum, the "appropriation by partners" or "scaling up from practice to policy" (see paragraph 12, IFAD Innovation Strategy) seems not to have been accorded due attention by IFAD in the past, but rather left to others to pursue according to their interests and priorities.

7. On the same issue, innovation scaling up and replication by governments, donors, the private sector and others need to be an integral part of IFAD's efforts to promote innovations. This is crucial if rural poverty is to be tackled on a much wider scale, so that the development community at large has a greater chance of achieving the first Millennium Development Goal of halving hunger and poverty. Given the importance of scaling up and replication in this context, it may be worthwhile to consider including the objectives related to scaling up and replication as part of the "goal and purpose" of the IFAD Innovation Strategy.
8. On a related issue, the strategy foresees the required links with the IFAD Strategy for Knowledge Management and underlines the need to nurture partnerships and engage in policy dialogue, all aspects that have implications for the IFAD front-line staff – i.e. country programme managers (CPMs) – who will be required to lead such processes. CPMs will need to be granted the necessary time, resources and in some cases training to promote innovations effectively, a task that entails engaging in partnership-building, policy dialogue and knowledge management, in addition to undertaking project design, direct supervision and implementation support. Previous OE evaluations have illustrated that this is a key aspect in ensuring success in promoting innovations, and that more clarity may be needed in identifying the most appropriate type of and approach to policy dialogue for the innovation strategy.
9. The strategy includes an interesting section on risk assessment and management. With regard to scaling up, it correctly notes the need to increase "opportunities for joint operations". In this regard, recent evaluations have revealed that there has been a general reduction in cofinancing of IFAD operations, especially with the international financial institutions, something that will need greater attention during the implementation of the innovation strategy. In fact, the strategy states that "cofinancing initiatives are central ingredients of sustainable scaling up." Other risks also need to be considered, for example, those related to the challenges posed by IFAD's operations in remote areas, where infrastructure is weak, capacity of institutions variable, and marketing opportunities limited.
10. OE welcomes the explicit links that the proposed strategy makes with IFAD's direct supervision and implementation support activities and the country presence initiatives, both of which are essential for ensuring a successful innovation promotion process.
11. Lastly, further information on mechanisms for monitoring and reporting on the implementation of the strategy would be valuable. Moreover, in addition to the information contained in paragraph 28 of the strategy, it is useful to recall that all OE evaluations, in addition to the Annual Report on Results and Impact of IFAD Operations, also systematically assess IFAD efforts and results in the area of innovation, replication and scaling up.

