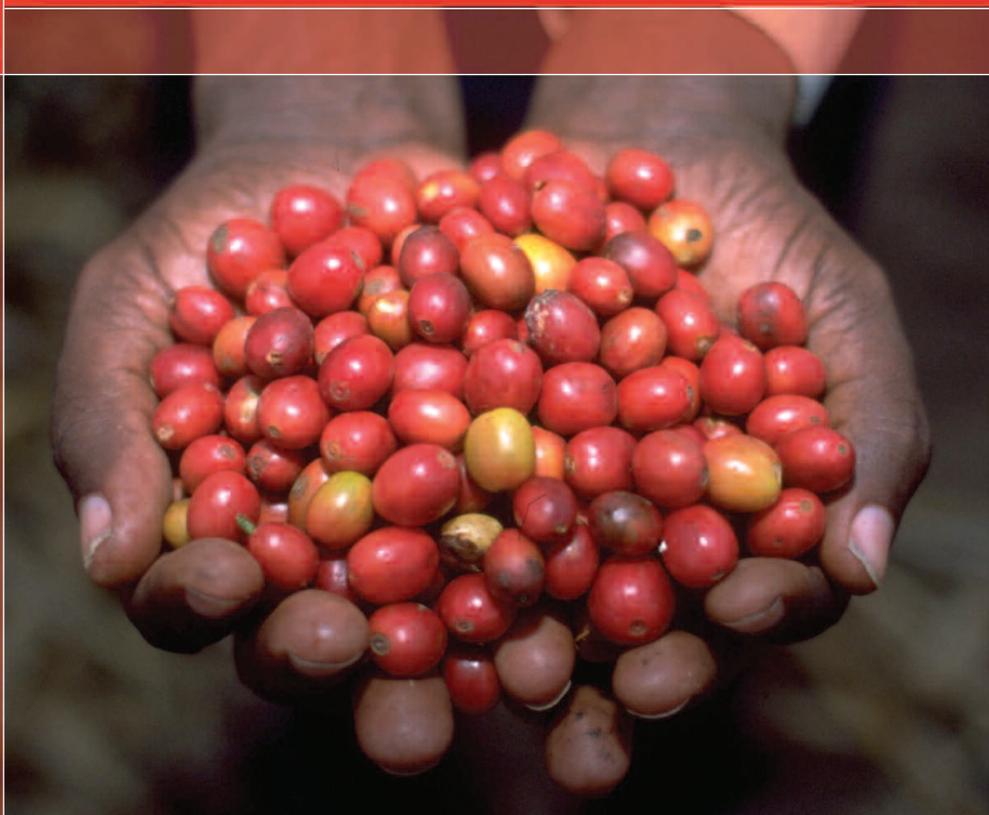




Enabling poor rural people
to overcome poverty

CORPORATE-LEVEL EVALUATION



IFAD's Capacity to Promote Innovation and Scaling Up

June 2010



**Document of the
International Fund for Agricultural Development**

**IFAD's Capacity to Promote Innovation and Scaling Up
Corporate-level Evaluation**

**June 2010
Report No. 2240**

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Photo on cover page:
United Republic of Tanzania
Coffee harvested by beneficiaries in Tagota village.
Source: IFAD Photo by Robert Grossman

IFAD's Capacity to Promote Innovation and Scaling Up

Corporate-level Evaluation

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* Available on request from IEO evaluation@ifad.org

Abbreviations and Acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
CDS	Chief Development Strategist
CE	completion evaluation
CGIAR	Consultative Group on International Agricultural Research
CLE	corporate-level evaluation
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPM	country programme manager
DFID	Department for International Development (United Kingdom)
EAD	External Affairs Department
ENRAP	Electronic Networking for Rural Asia/Pacific
Hivos	Humanist Institute for Development Cooperation
IDRC	International Development Research Centre
IE	interim evaluation
IEE	Independent External Evaluation
IEO	Office of Evaluation
IFI	international financial institution
IMI	Initiative for Mainstreaming Innovation
ISG	Innovation Services Group
M&E	monitoring and evaluation
NGO	non-governmental organization
NRM	natural resources management
PMD	Programme Management Department
QE	quality enhancement
SME	small-scale and medium-scale enterprise
UCP	Understanding at Completion Point
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
WBI	World Bank Institute

Foreword

In December 2008, the Executive Board requested the Office of Evaluation to conduct a corporate-level evaluation of IFAD's capacity to promote pro-poor innovation. The two main objectives of the evaluation were to assess the Fund's performance in promoting innovations that can be replicated and scaled up, and to generate findings and recommendations for enhancing future activities in this area.

The evaluation found that, since the mid-1990s, concerted efforts had been made to incorporate innovation into the Fund's key policy and strategy documents. This is demonstrated by the inclusion of innovation, learning and scaling up as one of the six principles of engagement in the IFAD Strategic Framework for 2007-2010, and by the fact that, of the five organizations covered by the evaluation's benchmarking study, IFAD was the only one to have a definition and stand-alone strategy for innovation. Nonetheless, the evaluation found that insufficient resources and attention had been allocated for translating policy and strategy pronouncements into concrete action.

As far as results on the ground are concerned, the performance of IFAD-funded projects in promoting innovation has improved over time. This should not, however, give rise to complacency as almost 50 per cent of all projects evaluated in 2008 revealed only moderately satisfactory results in terms of innovation; very few were satisfactory; and even fewer were highly satisfactory.

Scaling up is particularly weak in IFAD-funded operations. With IFAD's relatively limited resources, scaling up is of paramount importance if the organization is to make a greater impact on rural poverty. While the evaluation found examples of successfully scaled up innovations, these were largely the result of individual initiatives and commitment rather than a systematic approach. Indeed, it was found that far too much is left to the initiative and entrepreneurial skills of individual IFAD country programme managers, who frequently act without clear incentives and/or accountability.

The evaluation found that IFAD's organizational capabilities and culture to promote innovations have enhanced since the beginning of 2000, but the improvements have been small and from a very low base. Among other things, there is a need for further development of human resource skills and competencies, for strengthening knowledge management systems, promoting a more open environment to foster creativity and for setting clear, focused directions for promoting innovation and scaling up. In this regard, IFAD's recent appointment of a Chief Development Strategist as the focal point for knowledge and innovation may be seen as a move in the right direction.

Perhaps the evaluation's most important finding is that IFAD's past efforts to promote innovation have been too broad-based. That is, rather than pursuing innovation in a focused manner, building on its comparative advantage, track record and specialization, the Fund has followed a "let a thousand flowers bloom" approach. One reason is that the Fund's innovation strategy does not require it to channel resources to selected strategic areas, or to chart the way to become an innovative organization. If IFAD is to move forward, therefore, it should define selected "big bets" in areas of the agriculture and rural sector that have a proven need for innovative solutions and where the organization has (or can develop) a comparative advantage in promoting pro-poor innovations that might be scaled up. The evaluation also recommended that IFAD should be ready to promote country/project-level innovations that respond to challenges specific to the context.

The evaluation includes IFAD Management's response to the main findings of the report as well as an indication of its commitment to implementing the recommendations contained therein.



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IFAD's Capacity to Promote Innovation and Scaling Up

Corporate-level Evaluation

Executive Summary

- 1. Background.** At its Ninety-fifth Session in December 2008, the Executive Board requested the Office of Evaluation (IEO) to undertake a corporate-level evaluation of IFAD's capacity to promote pro-poor innovation. The main objectives of the evaluation were to: (i) assess the performance of the Fund in promoting innovations that can be scaled up; and (ii) generate findings and recommendations for enhancing future IFAD activities in this area. The evaluation and IFAD Management's response thereto were discussed by the Evaluation Committee and the Executive Board at their respective sessions in April 2010.
- 2. Main findings.** The evaluation found that, since the mid-1990s, concerted efforts had been made to incorporate innovation into the Fund's key policy and strategy documents. This is demonstrated by the inclusion of innovation, learning and scaling up as one of the six principles of engagement in the IFAD Strategic Framework for 2007-2010, and by the fact that, of the five organizations covered by the evaluation's benchmarking study, IFAD was the only one to have a definition and stand-alone strategy for innovation. Nonetheless, the evaluation found that insufficient resources and attention had been allocated for the purpose of translating policy and strategy pronouncements into concrete action. For instance, some recommendations generated by the first corporate-level evaluation on innovation, undertaken in 2000/2001, were never implemented, others only partially.
3. As far as results on the ground are concerned, the performance of IFAD-funded projects in promoting innovation has improved over time. This should not, however, give rise to complacency as almost 50 per cent of all projects evaluated in 2008 revealed only moderately satisfactory results in terms of innovation; very few were satisfactory; and even fewer were highly satisfactory. Two qualifications should be borne in mind when interpreting positive results: (i) evaluations have paid more attention to assessing the innovations introduced and piloted during project/programme execution, and much less to verifying whether successful innovations had been scaled up – which would have been essential to ensure they had a greater impact on rural poverty; and (ii) IEO's selection of projects for evaluation in any one year is largely done on a non-random basis, which may lead to a bias towards evaluating better-performing IFAD-funded interventions.
4. The evaluation revealed that the Fund has paid relatively more attention to (and found more success in) innovative solutions in social engineering and institutional arrangements (e.g. promoting participatory approaches to planning and resource allocation) rather than in agriculture. Although IFAD has provided a fair amount of grant resources for agricultural research to develop innovative, low-cost agricultural technologies that can lead to better productivity and incomes, the results of such research have not easily found their way into its investment projects. The relatively higher proportion of social engineering and institutional innovations may be attributed to the fact that, in the 1990s and the first part of the new millennium, IFAD generally focused more on social capital formation and empowerment than on agricultural activities or identifying economic opportunities for poor rural people. This gives rise to concern, first of all because of the number of poor people who are also food-insecure, and because of the Fund's mandate to enhance agricultural productivity and incomes through on-farm activities.
5. Scaling up is particularly weak in IFAD-funded operations. With IFAD's relatively limited resources, scaling up is of paramount importance. While the evaluation found examples of successfully scaled up innovations, these were largely the result of individual initiatives and commitment rather than of a systematic approach. Indeed, it was found that far too much is left to the

initiative and entrepreneurial skills of individual IFAD country programme managers, who frequently act without clear incentives and/or accountability.

6. There are two other reasons why IFAD's performance in scaling up has been inadequate. First, as a general rule, little attention has been given to knowledge management, partnership-building, policy dialogue, etc., partly because IFAD has concentrated on designing investment projects/programmes (and, more recently, on direct supervision and implementation support) instead of allocating time, space and resources to non-lending activities. Second, in the past, the Fund's operating model (which did not allow it to perform supervision directly or to provide implementation support) and lack of a country presence constrained its ability to promote, replicate and scale up innovations. In any event, it is fair to state that, having recognized the importance of scaling up, IFAD is now making due efforts in that regard, including a scaling-up initiative in collaboration with the Brookings Institution. Moreover, the strengthening of the Fund's country presence, better quality assurance and quality enhancement systems, direct supervision and implementation support, and greater focus on non-lending activities are expected to collectively contribute to better results, not only in scaling up but also in identifying and piloting innovations.

7. As mentioned above, lesson learning and knowledge management are essential for documenting and sharing successful innovations with a broader audience. While it is recognized that IFAD introduced a dedicated knowledge management strategy in 2007 and that some useful initiatives have been made to share experiences over the last two years, knowledge management may be further strengthened to support innovations within IFAD-supported country programmes/projects. The recent decision to integrate stand-alone knowledge management and innovation strategies is a step in the right direction, given that the two processes are mutually reinforcing and essential for innovation management.

8. In tandem with loans, grants can play a useful role in selected phases of the innovation journey. IFAD has invested a fair amount of grant resources in developing pro-poor innovative solutions in agriculture and related areas. Nevertheless, although IFAD's grant programme could play a strategic role in supporting the innovation agenda, evaluation experience confirms that the links between grants and investment projects have not been adequately defined in country strategic opportunities programmes (COSOPs) and thus have been mostly weak in operations. It is to be noted, however, that IFAD's revised Grant Policy, approved in December 2009, emphasizes the strategic role of grants in innovation and, for the first time, also provides an opportunity to involve the private sector in research and pilot innovations for replication and scaling up through investment projects.

9. Perhaps the evaluation's most important finding is that IFAD's past efforts to promote innovation have been too broad-based. That is, rather than pursuing innovation in a focused manner, building on its comparative advantage, track record and specialization, the Fund has followed a "let a thousand flowers bloom" approach. One reason is that the Fund's innovation strategy does not require it to channel resources to selected strategic areas, or to chart the way to become an innovative organization.

10. The evaluation found that while IFAD's organizational capacity and culture to promote innovation have both improved since 2000, results have been rather poor and in any event start from a very low base. Among other things, there is a need for further development of human resource skills and competencies, for strengthening knowledge management systems, promoting a more open environment to foster creativity and for setting clear, focused directions for promoting innovation and scaling up. In this regard, IFAD's recent appointment of a Chief Development Strategist as the focal point for knowledge and innovation is a move in the right direction.

11. In continuation to the above, the evaluation notes that a number of organizational capabilities are required to support the innovation journey: systematic learning, structure and processes, culture, competencies (including staff skills and incentives), decision-making, and leadership and direction – capabilities that the 2000/2001 evaluation considered to be weak. The present evaluation found that

the third, and probably the most important objective of the Initiative for Mainstreaming Innovation (IMI) – changing the organizational culture and practices to support innovation – has not, by and large, been met. The evaluation pointed out that, overall, IFAD’s organizational capacity for innovation remains weak and has changed only marginally since the beginning of the decade. In other words, the Fund’s strong strategic commitment to, and pronouncements on, innovation have not been adequately converted into action to become part of IFAD’s corporate culture.

12. According to a staff survey conducted in 2009, despite having moved up five places IFAD still falls within the lowest quartile of the 43 organizations surveyed. More generally, the survey also showed that while staff considers IFAD to be relatively good at searching out or scouting for innovations, it is somewhat weak in prioritizing their promotion and scaling up. The survey also noted that while a number of key operational processes (e.g. quality enhancement and assurance) have been strengthened, the required human resource skills/incentives have not been put in place to promote innovation. Training opportunities are limited and it is not easy to obtain additional resources for advancing promising innovations. It was found that managers do not deal promptly with blockages that may hamper change (e.g. identifying additional resources for scaling up), and that IFAD’s knowledge and information systems do not perform well with regard to deciding on innovations for scaling up. The Fund is also slow in taking new ideas through the system and, importantly, is not sufficiently open to ideas from a wide diversity of sources, including poor rural people. All these and other factors constrain the development of IFAD into a more effective, innovative organization.

13. Generally speaking, there is a disconnect between IFAD’s strategic pronouncements and its (still) weak institutional capacity to promote pro-poor innovation on the ground. Undeniably, however, progress has been achieved and a number of initiatives have been taken (such as that on scaling up). But if IFAD is to become a more effective, agile and innovation-driven development organization in the twenty-first century and, even more importantly, if it aspires to becoming a leader in promoting pro-poor innovation, it will need to make a quantum leap, particularly in terms of organizational culture change and capabilities, and follow its “let a thousand flowers bloom” approach within a few strategic areas. However, the evaluation recognized that IFAD should also remain open to promoting country-/project-level innovations that respond to perceived challenges related to the agriculture and rural development of specific country circumstances. It should also focus more attention on the process of scaling up than it has in the past. Clearly, this will not be possible without sufficient allocations of resources.

14. **Recommendations.** The following recommendations aim to improve IFAD’s capacity to move from its strong strategic commitments and pronouncements towards a more systematic approach, thereby enabling it to achieve better results on the ground in promoting pro-poor innovations for subsequent scaling up.

15. Define an innovation agenda for IFAD. As the Fund has followed a “let a thousand flowers bloom” approach to promoting innovation in the past, the evaluation recommended that an IFAD-wide innovation agenda, consisting of a few selected themes or domains, be developed at the corporate level. The themes or domains selected – “big bets” – should be in areas of the agriculture and rural sector where there is a proven need for innovative solutions and where the organization has (or can develop) a comparative advantage in promoting pro-poor innovations that can be scaled up. The selected “big bets” would be part of the Fund’s innovation agenda, conceived as a corporate rolling programme over a period of, say, three years, and including specific objectives, activities, timelines, budgets, management and oversight arrangements, and monitoring and reporting requirements. The agenda would be approved by the President of the Fund, who would communicate it to IFAD staff and the Executive Board, with a commitment to provide annual reports on its implementation. However, the evaluation recognizes that the Fund also needs to remain open to promoting innovations at the country/project level that respond to perceived challenges related to the agriculture and rural development of specific country circumstances.

16. The evaluation recommended that more attention be paid to developing innovative solutions in agriculture technologies and related areas aimed at the economic empowerment of poor rural people. Examples of domains that IFAD might consider as “big bets” include health and weather insurance for poor rural people; rural finance products for dispersed populations; research on high-yielding crop varieties both in rainfed areas and for poor small-scale farmers; carbon projects; market access and value chain development (e.g. risk mitigation for the transition from subsistence to commercial farming); land titling (to include rural women); valorization of out-migration, and so on.

17. Treat scaling up as mission-critical. It is essential that concrete approaches and strategies for scaling up be articulated by the time of COSOP formulation and project design. The role and contribution in this regard of IFAD’s direct supervision and implementation support, and of its country presence, should be clearly defined. IFAD should set corporate targets for scaling up and monitor and report on them annually. In this regard, it is also important to underline the accountability framework for scaling up, which would ensure that this critical phase in IFAD’s innovation journey is given due attention and resources. Adequate resources and space need to be allocated to non-lending activities, which are essential for scaling up. Staff competencies should be further developed to ensure success in this area. Greater effort is needed in terms of exchanging experiences and lessons on innovation and scaling up within and across the five geographical regions in which IFAD works, both in the regions and among operational staff at headquarters. IFAD’s policy dialogue and partnership-building agenda at the country level should be also driven by the objective of scaling up, and thus should focus on a few topics that are part of the Fund’s innovation agenda in the country concerned.

18. The evaluation found that the concepts of innovation and scaling up were lumped together as a unique block in IFAD and that the measurement and reporting systems, including IEO evaluations, do not always distinguish between them. It is recommended that, in future, innovation be assessed and reported on as a separate process from scaling up. However, given the intrinsic relationship and dynamic between the two concepts, assessing the achievements of IFAD’s efforts in the entire innovation journey from scouting, to piloting, documenting and scaling up will be also essential.

19. Strengthen organizational capabilities and culture. The Fund will need to develop practical innovation management skills. Management of innovation is different from implementing proven approaches inasmuch as it requires entrepreneurship, a capacity to cope with greater uncertainties, adaptation, a range of skills and the ability to make difficult choices on emerging evidence. Thus IFAD should develop an innovation-specific competency model for individuals and teams, drawing on current best practice. Such a model would provide the basis for a comprehensive skills enhancement programme and development of relevant tools, processes and monitoring systems. Innovation management skills should be developed as personal, team and networked competencies and adopted both by the staff of IFAD and by its partners.

20. Staff recruitment should explicitly include innovation as a necessary characteristic. Incentive systems should be introduced that reward staff for promoting innovation and fostering the learning/sharing of good practices and experiences in innovation, i.e. the annual staff performance evaluation system should consider innovation in the assessment process. The evaluation found that there had been some improvement in operational processes in past years, but recommended that a study be undertaken to establish whether further adjustments were required in areas such as policy formulation, COSOP development, project design, supervision, evaluation systems (including monitoring and evaluation), non-lending activities, etc., to ensure that innovation is fully built into key phases of the country strategy and project life cycle.

21. All the recommendations generated by the present evaluation, including that of improving organizational capabilities and culture, will have a bearing on the Fund’s administrative budget. If IFAD’s overall innovation and scaling up efforts are to give the desired results in future, a detailed analysis will be first required to determine the financial implications involved and to ensure that adequate resources are allocated in a timely manner.

22. The Initiative for Mainstreaming Innovation. The evaluation recommended that funds left unused from the IMI should be used for initiating implementation of the three main recommendations contained in the evaluation, in particular, for changing the organizational culture and practices to support innovation, i.e. the IMI objective that has not been satisfactorily achieved. The evaluation also recommended that the IMI be extended and a future work programme developed, which could be funded either through IFAD's administrative budget or from supplementary funds mobilized for that purpose.

IFAD's Capacity to Promote Innovation and Scaling Up

Corporate-level Evaluation

Management Response¹

I. Introduction

1. IFAD Management sees innovation as a critical element in improving IFAD's operations and development effectiveness, and as a consequence in enhancing the impact of the Fund on the lives of rural poor people. Management therefore welcomes the corporate-level evaluation of IFAD's capacity to promote innovation and scaling up.

2. This evaluation was conducted in line with the decision taken by the Executive Board when approving the IFAD Innovation Strategy and the Board decision in December 2008 requesting a second corporate-level evaluation of IFAD's capacity to promote innovations, including the assessment of the performance of the Initiative for Mainstreaming Innovation (IMI). This document, which is submitted along with the executive summary of the evaluation report for the review of the Board, records the views of IFAD Management on the substantive findings and recommendations.

II. Findings

3. IFAD Management broadly concurs with the findings of this corporate evaluation, in particular the following conclusions:

- (a) IFAD's performance in terms of innovation has improved and 100 per cent of the projects evaluated in 2008 were rated as moderately satisfactory by the Office of Evaluation (IEO);
- (b) IFAD's direct supervision and country presence - two important elements of IFAD's new operating model - are playing critical roles in promoting innovations;
- (c) More recent country strategic opportunities programmes (COSOPs) have been paying greater attention to innovations, knowledge management and promoting partnerships; and
- (d) Innovation in the areas of institutions, access to land and water, rural microenterprise and marketing has increased in recent years.

4. IFAD Management also takes note of the finding that among the agencies benchmarked, IFAD alone has adopted an explicit definition of innovation, an innovation strategy, and a knowledge management strategy (paragraph 100). As the report notes (paragraph 94), "[t]he need to scale up successful innovations has long been recognized by IFAD."

5. IFAD Management also takes note of the findings emerging from the focus group that highlighted the need to improvise, despite a formal institutional structure that is not fully supportive; the lack of adequate incentives to do so; and, above all, the relatively limited opportunities for sharing knowledge (paragraph 60).

¹ This Management Response is based on the document EB 2010/99/R.7, presented to the Executive Board - Ninety-ninth Session, Rome, 21-22 April 2010.

6. Management is also in broad agreement with the finding that the COSOPs fall short in analysing the risks related to innovations and that greater innovation is needed to enhance technology in agricultural production.

7. It also agrees that there is a need to undertake non-lending activities such as policy dialogue, knowledge management and partnership building; increase synergies between loans and grants to improve the scaling up of innovations (paragraph 95); and pay more attention to the cross-fertilization of experiences on innovations across divisions and departments (paragraph 113).

8. Nonetheless, Management wishes the Board to take note of the significant decisions taken by the Fund in recent months to strengthen institutional capacity to promote innovations. These include the establishment of the Office of the Chief Development Strategist (CDS), with the CDS now designated as champion of both innovations and knowledge management. The need to integrate these two distinct but complementary activities is thus recognized, as is the importance of seeking synergies in the implementation of these two strategies.

9. In terms of scaling-up innovations, as the evaluation report notes, a grant has been provided to the Brookings Institute aimed mainly at enhancing IFAD's aid effectiveness through country-led scaling up of the results of local innovations and project-level policy gains.

10. Similarly, the relocation of IFAD's operational policy function to the Programme Management Department (PMD) is expected to improve policy dialogue and thereby improve scaling up. The Revised IFAD Policy for Grant Financing – approved by the Executive Board in December 2009 – also gives high priority to innovation and is expected to improve the synergy between loans and grants.

11. While agreeing with the evaluation finding that IFAD needs to work on building institutional capability for innovation, changing organizational culture and allocating more resources to promoting innovation, IFAD Management strongly believes in introducing innovation through its principal instrument: its investment projects and country programmes. This approach dramatically improves the chances of the innovations being scaled up.

12. Management agrees that the IMI has played an important role in mainstreaming innovation within IFAD. It also agrees that strengthening innovation in operations and increasing learning and sharing was more successful than promoting the required culture change. What could be considered as the IMI's main result is the space it provided for individuals and teams to experiment and test new ideas in new contexts. Such a space is critical for innovation to take place in an institution.

13. The point raised on culture change is indeed a critical one. Unfortunately, the evaluation does not offer an analytical framework of IFAD's current organizational culture that would help define the elements of the culture that need to be changed. Nonetheless, with the designation of the CDS as knowledge management and innovation champion, IFAD now has a leadership and accountability structure that will allow it to make more systematic efforts in this direction.

14. Management supports the main finding that the innovation strategy was useful in that it articulated a rationale and a clear definition for innovation. However, the view that the innovation strategy did not contain anything new is somewhat surprising. In its note to the Evaluation Committee assessing the proposed IFAD Innovation Strategy (EC 2007/48/W.P.5), the Office of Evaluation states in paragraph 2: "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 other relevant corporate processes ... and (iv) proposes logical steps for the implementation of the strategy ...". It further states (paragraph 9) that "[t]he strategy includes an interesting section on risk assessment and management" and in paragraph 10 that "OE welcomes the explicit links that the proposed strategy makes with articulated

in the proposal with IFAD's important direct supervision and implementation support activities and the country presence initiatives...".

15. While recognizing that the start up of the innovation strategy has been slower than expected due to a number of institutional changes, Management is nonetheless committed to full implementation of the strategy, in an integrated manner with the IFAD Strategy for Knowledge Management.

III. Recommendations

16. Management agrees with the thrust of the three recommendations of the evaluation report. Its views on these recommendations are given below.

17. Define an innovation agenda for IFAD. The evaluation report recommends that IFAD adopt a more systematic approach in implementing the innovation strategy, in particular by defining an innovation agenda for IFAD. There are two dimensions to this issue: first, the need to establish an innovation agenda and second, the way this should be done.

18. On the first dimension, Management fully supports the idea of setting a clearer innovation agenda. IFAD Management has, however, some concerns regarding the setting of the agenda using a "big bet" approach. Although the evaluation report does not see this approach as a substitute for the current broad-based innovation approach, care must be taken to ensure that this does not happen in practice.

19. The current broad-based approach does not mean that it is an ad hoc approach. Rather, it implies a convergence of actions that create an enabling environment for innovation that needs to be maintained. By contrast, a strict top-down approach to encouraging innovation could have the unintended effect of stifling innovation at the country/project level. Currently, as recognized by the evaluation, some of the most innovative ideas are developed at the project level with country teams and country programme managers suggesting new approaches in response to perceived challenges at the project and country levels.

20. Management views the big bet approach as complementary to the current approach in order to allow a focus on those areas where it is generally acknowledged that IFAD faces major challenges across regions, countries or in specific sectors. In such cases, IFAD would publicize these challenges to a large global audience, scout systematically for better solutions and provide the required institutional and financial support. Management recognizes, in particular, the need to use IFAD grants in a more strategic manner to support such approaches. Subsequently, successful solutions could be scaled up in IFAD's own programmes as well as in those of its partners.

21. Treat scaling up as mission-critical. As noted earlier, IFAD considers scaling up not only as a principle of action, but also as a true measure of innovation in that IFAD needs to create a wider impact on rural poverty, beyond the direct impact it would have through its own operations. In line with the evaluation recommendations, IFAD will strengthen its knowledge management and undertake policy dialogue and partnership building in order to contribute to scaling up. It finds the specific knowledge management initiatives referred to in paragraph 127 relevant and agrees that project-level monitoring and evaluation systems need improvement.

22. Since IFAD Management is currently facing competing demands for resources, its ability to allocate more resources for non-lending activities is limited. It has, however, taken serious note of the recommendation of this report – as well as those of evaluations undertaken in the recent past – to allocate adequate financial and staff resources and space for non-lending activities.

23. IFAD Management would also like to clarify that, contrary to what is noted in the evaluation (paragraph 128), it no longer "lumps together" innovation and scaling up. In 2006, IFAD started measuring its performance at project completion with respect to scaling up as distinct from

innovation, and regularly reports in the annual Portfolio Performance Report (e.g. 2009 report, paragraphs 66-71). It agrees, however, that the reviews undertaken by IEO and some other internal processes need to adopt a similar approach. In sum, IFAD Management agrees that scaling up must be prioritized and treated as mission-critical.

24. Strengthen organizational capabilities and culture. Resources permitting, Management is committed to conducting a cultural analysis to provide a basis for bringing about the required changes in IFAD's innovation objectives, capabilities, processes and organizational climate. Needless to say, this is not an easy task and will require time.

25. Pending such a study, Management is nonetheless committed to taking steps to encourage greater knowledge sharing and risk taking in order to motivate staff to innovate. It is also committed to bringing about institutional and process changes to achieve this goal. In this regard, Management believes that with the establishment of the Office of the CDS and the designation of the CDS as knowledge management and innovation champion, IFAD will have greater capacity to strengthen organizational capabilities and improve the culture, as the evaluation report recommends. It should also be easier to identify innovative projects and programmes that require greater management and financial support. This will also place IFAD in a stronger position to use the remaining IMI funds and other facilities more strategically to support innovation.

IV. Conclusion

26. Overall, Management found the evaluation report very helpful and is prepared to incorporate its recommendations and insights into its future work plans. To this effect, the CDS will lead a corporate effort to develop a framework for implementing the innovation and knowledge management strategies that will translate the agreements reached into concrete activities and measures.

IFAD's Capacity to Promote Innovation and Scaling Up

Corporate-level Evaluation

Main Report

I. EVALUATION BACKGROUND, OBJECTIVES, METHODOLOGY AND PROCESSES

A. Background and Origin of the Evaluation

1. Since the mid-1990s there has been increasing emphasis on innovation in the corporate-level processes of IFAD. The Vision statement of May 1995 recognized the significance of innovations, noting that IFAD would "... ensure the design and implementation of innovative, cost-effective and replicable programmes with sustainable impact." The focus on innovations has become more prominent since 2000. During the 5th replenishment, the role of IFAD in promoting innovations was further developed: the final report¹ noted that as an innovator IFAD had a major role in catalyzing and transferring resources for rural poverty reduction. One activity to enhance IFAD's work on innovations, the IFAD V: Plan of Action (2000–2002) that emerged from the 5th replenishment, mandated the Office of Evaluation (IEO) to evaluate in 2000–2001 IFAD's capacity as a promoter of replicable innovations in rural poverty reduction.

2. IEO undertook this evaluation in 2000–2001 as mandated; the Understanding at Completion Point was produced in November 2002 and endorsed by IFAD management.² The evaluation provided recommendations at the strategic, organizational and operational levels with a view to enhancing IFAD's ability to promote innovations and its scaling up. In response to the recommendations of this first evaluation of innovation, IFAD developed the Initiative for Mainstreaming Innovation (IMI)³ to "... enhance IFAD's capacity to promote innovations that will have a positive impact on rural poverty." The IMI was approved by the Executive Board at its 83rd session in December 2004; it was the first financial instrument to be developed specifically to promote innovation in IFAD country programmes and to develop innovative capacity at the corporate level.

3. The 6th and 7th replenishment consultations in 2002 and 2005 reinforced IFAD's need to "... enhance and apply its capacity to innovate."⁴ They noted the importance of systematic documentation and sharing of successfully tested innovations in IFAD operations and underlined the significance of the linkages between innovation and policy dialogue, knowledge management and partnership building in promoting innovations. The 8th replenishment consultation in 2009 consolidated the strategic importance of proactive innovation. The report of the consultation on the 8th replenishment⁵ stated: "... IFAD will innovate, learn, and respond with agility to the volatility and highly uncertain conditions affecting agricultural development, food security and rural livelihoods. It will scale up its investments in agricultural productivity, including in technologies and practices of adaptation to climate change." The report also emphasized the importance of sharing knowledge and expanding partnerships to assist other development agencies in scaling up engagement in the agricultural sector and to increase impact at the national, regional and global level.

¹ Report of the Consultation to Review the Adequacy of the Resources Available to IFAD (GC 23/L.3/Rev.1).

² EC 2002/30/W.P.3.

³ EB 2004/83/R.2.

⁴ GC 26/L.4 and GC 29/L.4.

⁵ See GC 32/L.5.

4. IFAD's Strategic Framework⁶ for 2007–2010 includes innovations, learning and scaling up as one of its six principles of engagement. It states: "IFAD's role is to establish partnerships for developing innovative approaches to rural poverty reduction at the local level, testing methodologies, institutional arrangements, partnerships or technologies that are new within the context in which they are being applied....Yet innovation without scaling up is of little value: all engagements will thus be expected to have internal learning arrangements, as well as mechanisms for feeding lessons to the higher, usually national, level."

5. To consolidate this strategic intent and, in the context of the IFAD Action Plan for Improving its Development Effectiveness,⁷ IFAD developed an Innovation Strategy⁸ that was approved by the Executive Board at its 91st session in September 2007. The Executive Board also approved in April 2007 a Knowledge Management Strategy,⁹ which is also important for the promotion of innovations.

6. In short, a range of corporate-level documents have been produced over the first decade of this century that include statements and guidance related to IFAD's approach to innovation – strategic and policy documents, evaluation documents and operational guidelines. IFAD has worked to transmit its strategic intentions on innovation to its country programmes; there are also examples of successful innovation and scaling up in IFAD operations.

7. The promotion of innovation, replication and scaling up is one of the core criteria assessed systematically by IEO in all project evaluations since 2002, in line with the IEO Evaluation Manual.¹⁰ Country programme evaluations (CPEs) also assess IFAD's capacity to promote replicable innovations. Since 2001, IEO has undertaken several corporate-level and thematic evaluations that focus on innovations (see paragraph 40); IEO has also organized a number of regional and international events relating to innovative practices and their promotion. The External Review of the Results and Impact of IFAD Operations (2002) and the Independent External Evaluation (IEE) of 2004–2005 also addressed the subject. It is most important to note that IEO has since 2003 provided an annual overview of IFAD's performance and insights relating to the promotion of innovation as part of the Annual Report on the Results and Impact of IFAD Operations (ARRI).

8. In the last few years, the importance of innovation for smallholder development and rural poverty reduction has come into sharper focus. Far-reaching global changes have increased the need to find innovative solutions to safeguard the livelihoods of the poor in agriculture. The "rules of the game" with regard to agriculture and rural development have been drastically changed by increasing globalization and the emergence of the market as a major driver of agriculture development, changing patterns of competition, trade rules and technological paradigms, the increasing role of the private sector in agriculture and the exponential growth of information and communications technology. This has created new conditions, not all of which are favourable to smallholder farming and the poor. The situation has been exacerbated by climate change, soaring food prices and the financial crisis, with dire impacts on food security. In short, emerging global challenges combined with changing opportunities and threats mean that planned innovation for poverty reduction is essential.

9. In recognition of this, the Executive Board requested IEO to undertake a corporate-level evaluation (CLE) of IFAD's capacity to promote innovations and its scaling up. This would also

⁶ Approved by the Executive Board during its 89th session in December 2006 (EB 2006/89/R.2/Rev.1).

⁷ See EB 2005/86/R.2/Rev.2.

⁸ See EB 2007/91/R.3/Rev.1.

⁹ See EB 2007/90/R4.

¹⁰ http://intradev:8015/evaluation/process_methodology/doc/manual.pdf

include an assessment of the IMI.¹¹ The evaluation followed the provisions of the IFAD Evaluation Policy. The evaluation was, like all CLEs, discussed in the Evaluation Committee and the Executive Board in their April 2010 sessions together with the IFAD Management Response.

B. Objectives of the Evaluation

10. The two broad objectives of the evaluation were to:

- (i) Assess IFAD's efforts and performance in promoting innovations that can be replicated and scaled up; and
- (ii) Generate a series of findings and recommendations that will feed into the implementation of IFAD's innovation strategy and inform the Fund's overall future activities in this area.

11. Attaining these two objectives was particularly complex. Assessment had to be carried out from two linked but different perspectives: on the one hand it had to assess IFAD's actual performance on the ground in promoting innovations in its country programmes, guided by corporate strategies and policies; on the other it also had to assess IFAD's processes and instruments, which are crucial in creating a favourable enabling environment and capabilities for innovation, replication and scaling up. This two-tier task required the incorporation of an organizational change perspective and a rural developmental perspective in the various assessments.

12. As stated in section A, IFAD's work to promote innovations over the past decade has encompassed changes at the strategy, policy and country levels, the most notable of which were the development of the IMI in 2004 and the Innovation Strategy in 2007. It must be emphasized, however, that this is not a results-and-impact evaluation of the IFAD innovation strategy: because the strategy is currently being rolled out, a traditional results-based evaluation would not be possible at this early stage. The evaluation will, however, assess the relevance of the 2007 innovation strategy and its initial implementation, and will include a review of past performance in innovation and the lessons learned.

C. Methodology and Processes

13. The evaluation followed the provisions of the IEO Evaluation Manual, including the application of internationally recognized evaluation criteria (see Appendix I) and the 6-point rating scale,¹² as well as the principles of triangulation¹³. Attention has also been given to ensure an appropriate evidence trail in the evaluation, where the conclusions are coherently anchored in the analysis captured in the evaluation report, and the recommendations rooted in the main conclusions derived. To achieve its two objectives the evaluation had seven building blocks, which are described below. It was important to define these seven building blocks in order to: (i) gain an appreciation of past performance; (ii) understand the evolution of IFAD's approaches to promoting innovation; (iii) compare IFAD's innovation capabilities with those of other organizations; (iv) evaluate the relevance of the 2007 innovation strategy and its initial implementation; and (v) assess the IMI. The enquiry methods were a mix of document reviews, quantitative surveys, interviews and focus-group discussions with IFAD and partner staff at Headquarters and in-country. The seven building blocks were:

¹¹ At the time of its approval the Board also decided that IEO would evaluate the IMI.

¹² 6 – highly satisfactory; 5 – satisfactory; 4 – moderately satisfactory; 3 – moderately unsatisfactory; 2 – unsatisfactory; 1 – highly unsatisfactory.

¹³ This entails the use of three or more theories, sources or types of analysis to verify and substantiate an assessment. It allows evaluators to overcome the bias that comes from single informants, single methods or single observations and thus helps to ensure the robustness and reliability of evaluation findings.

- **1 – Assessment of IFAD’s strategic directions for promoting innovations.** The assessment included a review of 28 strategic, policy and guideline documents generated by IFAD since 2001. The purpose was to assess the adequacy of strategic guidance on innovation and scaling up and its implementation over time before and after adoption of the 2007 Innovation Strategy. The main questions addressed were: What are the features of innovation that have been stressed in these documents? What is the level of evidence revealed in the documents about a solid strategic intent? How far is the strategic intent aligned with the 2007 Innovation Strategy? How did the strategic intent change before and after adoption of the Innovation Strategy? What is the trend observed?
- **2 – A meta-evaluation of IFAD’s past performance in promoting innovation and scaling up.** The main purpose was to assess the performance of past IFAD-funded operations and understand the proximate causes. Data and analysis from IEO evaluation reports since 2002 were used. A sample of 30 completed projects evaluated by IEO between 2004 and 2008 was selected and reviewed to answer the following questions: What are the characteristics of innovation promoted by IFAD? What are the features of innovations that succeeded? What are the factors contributing to successful innovations? Why do some innovations fail? What was the performance of IFAD in replication and scaling up? What are the strengths and weaknesses in IFAD’s approach? What is the association between innovation performance and overall project performance? The methods used in this assessment are reported in the relevant chapters and working papers.
- **3 – Assessment of innovation and scaling up in IFAD’s ongoing operations.** The purpose is to assess the extent to which IFAD is internalising its own experiences and lessons in promoting innovations, as well as determine the evolution of country strategies and projects following the adoption of the Fund’s innovation strategy. This is based on the review of a sample of 21 Country Strategy and Opportunities Papers (COSOPs) and 68 projects designed between 2004 and 2008 in the five IFAD geographic regions.
- **4 – Assessment of progress in IFAD’s organizational capabilities to promote innovation.** This included repeating the survey of organizational capability at Headquarters in the first evaluation of IFAD’s innovation capabilities in 2000–2001. The same survey was undertaken in 2009 with two additional sections for IMI and the Innovation Strategy. The purpose was to determine whether progress had been made at the organizational level to develop innovation as a capability in IFAD. Three methods of investigation were used: (i) an innovation survey, to which 39 Programme Management Department (PMD) staff responded, provided quantitative data; (ii) a qualitative analysis of 14 interviews and two focus groups with a cross-section of IFAD staff explored organizational issues in depth; and (iii) review of IFAD documentation to determine whether there was evidence that state-of-the-art innovation promotion techniques were being used.
- **5 – Evaluation of IMI.** The established evaluation criteria were applied: relevance, effectiveness, efficiency, impact, sustainability and partner performance. Rating of performance followed the standard IEO six-point scale. The definitions of relevance, effectiveness and efficiency were drawn from the manual and customized to relate to the design of IMI. The assessment was based on four main sources of information: (i) documentation in IMI; (ii) a review of completed or almost completed IMI grants; (iii) interviews with informants associated with IMI; and (iv) the innovation capability survey at Headquarters (see 4 above).
- **6 – Assessment of the relevance of the 2007 Innovation Strategy and its initial implementation.** The relevance of the strategy was assessed from an organizational perspective by considering whether it was fit for purpose and made an effective contribution to IFAD’s work. Attention was given to the implementation of the strategy; assessment of its relevance and initial implementation was informed by analysis of the results of the innovation capabilities survey in the strategy section and a checklist of seven assessment criteria (see chapter VI).

- **7 – Benchmarking.** Benchmarking was undertaken with a view to comparing IFAD’s innovation work with that in other organizations and identifying commonalities and differences to derive pointers for learning. The main selection criteria for the identification of comparator organizations are: (a) the relevance of innovation for the organization; (b) the diversity of institutional background; and (c) easy access to the organization. The following organizations were selected: (i) the non-governmental organization (NGO) Humanist Institute for Development Cooperation (Hivos); (ii) the research institution International Development Research Centre (IDRC); (iii) the bilateral agency Irish Aid; (iv) the United Nations Development Fund for Women (UNIFEM); and (v) the World Bank as an international financial institution (IFI). The methods for benchmarking were based on a qualitative exploratory approach that included document research and semi-standardized teleconference interviews with staff, with follow-up based on a questionnaire.

14. In addition to the above seven building blocks, five country visits were undertaken to Brazil, Morocco, Nigeria, Tanzania and Vietnam to verify the findings from the evaluation’s desk work as well as collect the perspective of partners at the country level related to IFAD’s performance and capacity to promote innovations. The selection criteria for the countries to be covered included: (i) only one country would be selected from each of the five geographic regions covered by IFAD operations; (ii) availability of recent country programme and project evaluations by IEO; and (iii) countries that had one or two projects manifested promising innovation approaches. The core issues investigated are: the factors that trigger innovations success and failures, conditions for effective scaling up, and the role of partnership, knowledge management and policy dialogue. A framework for country analysis has been developed to this effect.

15. The evaluation was organized in four main phases: (i) inception, during which the methods and process were fine-tuned and the evaluation team contracted (see paragraph 17). This stage led to the production of the evaluation’s approach paper and inception report; (ii) desk work, including a review of documents, a staff survey aimed at assessing IFAD’s organizational capabilities to promote innovations, and interviews and focus-group discussions with representatives of IFAD management and staff. The various working papers produced in this phase are listed under the Annexes section in this document’s table of contents; (iii) country work, including discussion with concerned partners in the respective Governments and visits to IFAD-funded projects (see paragraph 14). A country working paper was produced following each visit; and (iv) draft final report writing, including the preparation of the IFAD Management Response to the evaluation.

16. In line with the IFAD Evaluation Policy, a core learning partnership¹⁴ was established for the innovation evaluation with the aim of providing inputs and reviewing key deliverables including the approach paper and draft final report; its members were also responsible for sharing all information and documentation with others in their divisions. IEO contracted a senior independent adviser¹⁵ to review the evaluation deliverables and assure IFAD management and Governing Bodies as to the quality of the evaluation and its overall process. The senior independent adviser’s report on the evaluation process and the final report may be seen in Appendix II. In addition, the evaluation was also exposed to an internal peer review within IEO.¹⁶ The comments of the core learning partnership, the senior independent adviser and the IEO peer reviewers have been included in this final evaluation report.

¹⁴ Members included the Associate Vice-President PMD, IFAD’s Chief Development Strategist, Director IEO, all directors of the PMD regional divisions and the operation policy & technical advisory division, the Director of Human Resources Division, the concerned Policy Coordinator, PMD’s Senior Portfolio Manager, and the IEO Senior Evaluation Officer designated as the lead evaluator for the innovations evaluation.

¹⁵ Mr Johannes Linn, former Vice-President at the World Bank and currently Director of the Wolfensohn Centre for Development, the Brookings Institution, Washington DC.

¹⁶ In addition to the Director IEO, two senior evaluation officers and one evaluation officer took part in the process.

17. A multidisciplinary team of consultant experts were recruited for the evaluation. More details on the composition of the team may be seen in the acknowledgements page after the table of contents.

18. The evaluation report has eight chapters in addition to this one. Chapter II covers the analysis of IFAD's strategic direction on innovation (building block 1); chapter III includes a meta-evaluation of past performance and the evolving role of innovation and scaling up in ongoing operations (building blocks 2 and 3); chapter IV provides the results of progress in IFAD's organizational capabilities in promoting innovations (building block 4); chapter V contains an assessment of IMI (building block 5); chapter VI contains the assessment of IFAD's 2007 Innovation Strategy including its relevance and initial implementation (building block 6); chapter VII reports on the opportunities and challenges related to scaling up, drawing from various building blocks; chapter VIII contains the results of the benchmarking study (building block 7); and chapter IX contains the conclusions and recommendations. The results of the country visits are used to support the analyses in the report.

Key points

- ❖ Since the mid-1990s there has been increasing emphasis on innovation in IFAD. This is evident through various replenishment consultations and IFAD policies and strategies such as the 2004 IMI and the 2007 Innovation Strategy.
- ❖ The evaluation has two main objectives: to assess IFAD's efforts and performance in promoting innovations that can be replicated and scaled up, and to generate findings and recommendations to inform IFAD's overall future activities in this area.
- ❖ The evaluation has seven building blocks. Document reviews, quantitative surveys and interviews with IFAD and partner staff at Headquarters and in-country were undertaken. Triangulation of findings was applied as a guiding principle at all stages of enquiry.
- ❖ The evaluation was organized in four phases: inception, desk work, country work and draft report writing. A core learning partnership was established to provide inputs to the evaluation and review the deliverables. A senior independent adviser was recruited, and the evaluation was subjected to an internal peer review within IEO.

II. IFAD'S STRATEGIC DIRECTION ON INNOVATION IN THE 21ST CENTURY

19. This chapter draws upon the analysis undertaken in building block (i), namely on IFAD's strategic directions for the promotion of innovations. In particular, the evaluation: (i) assesses the extent of achievements made in the implementation of the recommendations captured in the Understanding at Completion Point (UCP)¹⁷ of the CLE on innovations undertaken in 2000-2001; (ii) traces the key landmarks in IFAD's innovation promotion efforts in the past decade; and (iii) provides an overview of the Fund's performance in articulating and providing strategic directions to staff for the promotion of innovations and their scaling up.

A. Innovations in IFAD¹⁸

20. Box 1 captures the definition adopted by IFAD for innovation and its understanding of scaling up, as captured in the IFAD innovation strategy of 2007.

¹⁷ The UCP is equivalent to the Agreement at Completion Point, which captures the main findings and recommendations to be adopted by IFAD and implemented in specific timeframes.

¹⁸ This section draws upon the IFAD Innovation Strategy of 2007.

Box 1. Definition of Innovation and Scaling Up

What makes a product, idea or approach an innovation?

To be considered innovative, it needs to be: (i) **New to its context of application.** The novelty may refer to country context, scale, domain, discipline or line of business; (ii) **Useful and cost-effective in relation to a goal.** An innovation must have positive value for its users. In the case of IFAD, it needs to empower the rural poor to overcome poverty better and more cost-effectively than previous approaches; and (iii) **Able to “stick” after pilot testing.** An innovation is a product, idea or technology with the potential for wide adoption, which it demonstrates through pilot testing.

Scaling up

Scaling up means implementing – or enabling the implementation of – a practice on a greater scale. For IFAD, this may mean: (i) **Organizational scaling up.** Practices implemented in projects or country programmes that are integrated into broader, more complex programmes; (ii) **Appropriation by partners.** A practice or technology implemented in an IFAD programme is taken up and further developed on a greater scale by partners, including other donors, the private sector or governments; or (iii) **Scaling up from practice to policy.** A practice becomes the basis for policy programme and initiatives by governments, donor agencies and others.

21. Replication is also an important concept in the promotion of innovations, but it is different from scaling up. Replication of an innovation may occur when a successful innovation is transported to another environment for piloting, but fine-tuned according to the needs of the specific circumstances of application. Replication does not necessarily entail scaling up. The latter is a broader concept, which however includes replication on a wider scale of an innovation that has been successfully piloted.

22. In a nutshell, the innovation promotion process (or innovation journey) at IFAD includes the following main phases: (i) scouting for new ideas which are evaluated and with necessary adjustments included in the design; (ii) piloting the innovation on the ground, making any required adjustments as implementation unfolds; (iii) learning from experience and documenting the experience; and (iv) scaling up, for which policy dialogue, knowledge management and partnership building are essential.

B. The 2000-2001 Corporate-level Evaluation on Innovation

23. The Evaluation of IFAD’s Capacity as a Promoter of Replicable Innovations in Cooperation with other Partners (IFAD, 2002) was instrumental in promoting collective reflection and learning on the opportunities and constraints faced by the Fund in innovations. It highlighted for the first time the crucial role for innovation in IFAD and triggered actions to achieve IFAD’s ambitions with regard to innovation. The UCP of the evaluation largely accepted the findings of the CLE report and observed: “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 learning from these innovations” (p. 19).

24. The UCP made five major recommendations and 22 sub-recommendations. Table 1 lists the recommendations and sub-recommendations in the UCP and comments on the extent to which evidence demonstrated that they had been implemented, scored as “achieved”, “partly achieved” and “not achieved”. The assessment was largely based on the results of the reviews of the strategic and policy documents (see Appendix III), the review of recent COSOPs and project designs (see chapter III) and the results of the innovation capabilities survey (see chapter IV). The main recommendations are shown in bold text; the original wording of sub-recommendations has been summarized.

**Table 1. Recommendations of the UCP of the CLE of Innovation 2000-2001:
Extent of Achievements**

Code	Recommendation	Extent of Achievements
I	Create a common understanding of innovations for IFAD.	Achieved IFAD has a standing definition of innovation; “innovation” is generally understood.
II	Ascertain (IFAD’s) strategic commitment to innovations.	Partly achieved Strategic commitment is strong but innovation priorities are unclear.
II.a	Embed innovation within the strategic framework and ensure that it is operationalized.	Partly achieved Innovation is stated as a principle of engagement in the IFAD Strategic Framework but the ability to operationalize it is less evident.
II.b	Build innovation into COSOPs.	Achieved Innovation is built into recent COSOPs.
II.c	Allocate resources on the basis of innovation priorities.	Not achieved Resource allocation is not being driven by a focused innovation agenda based on priority selection of corporate innovation themes.
III	Specify the stages of the innovation process and integrate them into current operations.	Partly achieved Project design includes innovation initiatives but limited understanding of process stages.
III.a	Scout for and select innovation initiatives for promotion systematically.	Partly achieved Scouting for ideas is still unsystematic, and pilot testing and selecting is under-developed.
III.b	Select partners with innovation competencies.	Partly achieved Partners’ innovation capabilities not systematically assessed, though considered informally.
III.c	Undertake systematic risk analysis.	Partly achieved Assessment of innovation risk and mitigation takes place, but it is unsystematic and often not rigorous.
III.d	Systematically test innovations before scaling up.	Partly achieved Rigorous pilot testing is undertaken in relatively few cases.
III.e	Require M&E* to monitor innovation performance.	Partly achieved M&E does not track innovation performance systematically or at the required level of intensity.
III.f	Plan for replication and scaling up.	Not achieved Systematic planning for replication and scaling up is rarely undertaken at an early stage.
III.g	Disseminate lessons learned effectively.	Partly achieved Improved knowledge management systems to disseminate innovation lessons, but more can be achieved.
IV	Align organization processes and innovation promotion.	Partly achieved Some organizational processes support innovation but are not fully internalized across IFAD.
IV.a	Prioritize innovation in assessment of grant and loan proposals.	Achieved Innovation objectives are considered essential for all loan proposals.
IV.b	Synchronize IFAD instruments to provide a continuous innovation pipeline	Not achieved IFAD does not have a continuous innovation pipeline based on clear corporate priorities.
IV.c	Reconfigure partnerships to support IFAD’s innovation process	Partly achieved Still largely informal, but partnerships for innovations are gradually emerging as an important feature in IFAD’s operations.

**Table 1 (continued). Recommendations of the UCP of the CLE of Innovation 2000-2001:
Extent of Achievements**

IV.d	Develop marketing skills to promote scaling up.	Not achieved IFAD does not have distinct competences in marketing innovations.
IV.e	Strengthen innovation-orientated knowledge management.	Partly achieved Knowledge management strategy formulated; knowledge exchange on innovations improved internally but there are opportunities for capturing more widely knowledge from external sources.
IV.f	Establish working groups to investigate new instruments to promote innovation.	Partly achieved Working groups have investigated new instruments, but few have emerged.
IV.g	Emphasize innovation in IEO's work.	Achieved Evaluation of innovation is mandatory in IEO's Evaluation Manual, but rating is combined with scaling up.
V	Strengthen staff/managers' capabilities and orienting IFAD's culture for promoting innovations.	Partly achieved IFAD's culture has become more supportive, but competencies have not been developed systematically.

* Monitoring and evaluation (M&E).

25. The analysis reveals that since the completion of the first innovation evaluation, IFAD has fully implemented the first recommendation contained in Table 1 above by developing a definition for innovation (see Box 1). With regard to the second recommendation, IFAD has successfully built innovation in the new COSOP guidelines of 2006, but has not specifically allocated resources for priority thematic or sub-sector areas where innovation could be pursued. The third recommendation has been partly achieved, especially given that approaches for scaling up are not usually integrated into design of new operations. With regard to the fourth and fifth recommendation, IFAD has included the promotion of innovation in grant and loan proposals and improved learning on innovation, but not developed sufficiently staff capabilities and competencies to support the innovation promotion process (for example the marketing skills of staff have not been enhanced that would facilitate the scaling up of successful innovations). Overall, in 2009 IFAD still lacked: (i) a framework for scaling up – though work is now ongoing in this area in partnership with the Brookings Institution; (ii) a competency model to drive the development of those involved in the design and delivery of the innovation dimension of IFAD's work; and (iii) a focused innovation agenda prioritizing the main challenges in rural poverty reduction and allocating resources accordingly. These findings are tempered by the evidence from evaluation interviews, which indicates that at least some members of IFAD's staff have developed their own informal but effective approaches to facilitating replication and scaling up, partnerships for innovation and effective management of innovation. These individual experiences are not shared internally in a systematic manner.

C. Other Key Landmarks in IFAD's Innovation Promotion Efforts

26. **Independent External Evaluation and the Action Plan.** A major landmark in the Fund's innovation journey was the IEE,¹⁹ which was considered by the Board in its session in April 2005. The IEE noted that: "innovation is seen as central to the achievements of IFAD's mandate. IFAD defines innovation in a broad way and while it has aspirations to be an innovator, evidence suggests otherwise. The IEE sample of operations clearly indicates that while there are a few highly innovative projects (as well as others that contain innovative elements), the vast majority of projects are not. Indeed on balance, there is little to distinguish the work of IFAD from that of other development agencies. And, more worryingly, IFAD's contribution to the capture, learning, promotion and replication of innovation appears unsystematic and inadequate" (page 123).

¹⁹ See document EB2005/84/R.2.Rev.1.

27. Although it is likely that the multiple small initiatives at the grass-roots level were not adequately reflected in the IEE, the thrust of the comments was correct if the basic assumption that all projects should contain innovative elements is accepted. It is true that IFAD-funded projects often do not include major innovation challenges, because they frequently transpose approaches developed in one geographical area to another, with some adaptation. Those that do undertake challenging and novel innovations lack a systematic and rigorous approach that would increase the success rate. Replication and scaling up of innovation are generally not systematic. Because all projects were expected to contain a substantial innovation element, there was some evidence that aspects of proposals were described as “innovative” to meet the requirements of the approval process rather than for the purpose of the systematic testing of promising new ideas.

28. The findings of the IEE led to major organizational reforms and changes, under the overall aegis of IFAD’s Action Plan for Improving its Development Effectiveness, approved by the Board in December 2005. Through the Action Plan, the Fund introduced a series of new policies and strategies. Moreover, a new operating model was developed, inter alia, including the undertaking of direct supervision and implementation support as well as expansion of IFAD country presence. One specific measure in response to the IEE findings was the development of the innovation strategy, approved by the Board in September 2007. The goal of the strategy is to ensure that innovation is mainstreamed into IFAD processes and practice in a systematic, effective way. Its purpose is to enhance IFAD’s capacity to work with partners – including rural poor people and their organizations – to find and promote new and better ways to enable rural poor people to overcome rural poverty. An assessment of the innovation strategy is provided in Chapter VI of the document

29. **The Initiative for Mainstreaming Innovation.** At the organizational level, the most important response to the 2000-2001 evaluation of innovation was the development of IMI (see chapter V for details). The operational framework for the main phase of the IMI was approved by the Board in December 2004, with dedicated funding of US\$10 million, provided through a complementary contribution to the sixth replenishment by the United Kingdom. The IMI was conceived as a three year programme, with the overall aim of enhancing IFAD’s capacity to promote innovations that will have a positive impact on rural poverty. It was expected to achieve three main results. These were: (i) mainstreaming of innovations into IFAD operations; (ii) strengthened learning on innovation and sharing, and the application of such learning; and (iii) a changed organizational culture and practice.

30. In short, IMI was designed as the main instrument for driving the organizational changes needed to make IFAD a source of innovation. From an organizational development perspective, this step had the merit that it focused the task of organizational transformation and dedicated resources to it; but it had the demerit that the units established to drive change could become marginalized or ineffectual. As IMI began its work, however, a country programme manager (CPM) noted: “... there was a real buzz around innovation.” The key strategy adopted by IMI was to change the behaviour of staff and empower them by funding initiatives – mostly initiated by IFAD staff – that otherwise would not or could not have been supported. Other activities at the corporate level were also planned, but were not implemented at the expected scale. The aim was to signal to the organization that innovation could be undertaken in any activity and, as a consequence, to give experience in undertaking an innovative project to those who won funds from IMI resources with a view to mainstreaming innovation and contributing to the development of innovation as a dynamic capability in IFAD. The IMI approach did not directly address several of the recommendations of the 2000-2001 evaluation UCP, for example those related to developing capabilities in replication and scaling up and preparation of an innovation competency model.

31. Despite the early excitement, in time IMI came to be seen as an additional internal funding facility. By 2009 an informant expressed the view that “... the IMI is not a core part of the organization.” Nobody interviewed for this evaluation said that they were aware of the organizational change objectives of IMI. Two aspects were of particular concern: (i) the IMI emphasis on funding a range of initiatives that were intended to promote the “let a thousand flowers bloom” or ubiquitous

approach to developing innovation capability; and (ii) that opportunities were missed to transform the IMI grants into action-learning projects. But the existence of IMI meant that IFAD appeared to be moving forward in developing innovation capability, and in 2004 it was possible for IFAD's leadership to consider that the right steps were being taken.

32. A further impetus to innovation was provided through the Annual Report on the Results and Impact of IFAD Operations (ARRI), produced by IEO each year since 2003. The ARRI contributed to inculcating a culture of measuring and reporting on aggregate performance in innovation, replication and scaling up of IFAD-funded projects in all regions. It also identified areas that warranted attention of the management and the Fund's Governing Bodies in further enhancing performance in innovation. The 2007 ARRI was particularly important, as innovation (together with sustainability) were the two topics treated in depth as learning themes in the document. The 2007 edition of the ARRI included the articulation of priorities for innovation that were generated together with the representatives of IFAD management and staff. Section B of Chapter III will provide more details on lessons learned from the ARRIs.

33. Finally, the revised grant policy approved by the Board in December 2009 is a further illustration of the Fund's continued commitment to innovations in agriculture and rural development. The promotion of innovations is in fact at the centre of the goal and expected outputs of the policy.

D. The Fund's Performance in Providing Strategic Directions for the Promotion of Innovations

34. The evaluation also examined in detail the Fund's key policy and strategy documents developed since 2000, as well as selected operational documents (e.g. guidelines for quality enhancement of projects) and evaluation reports. The aim of this analysis was to discern the emphasis they devote to the promotion of innovation, based on six key parameters embedded in the innovation strategy. These include: (i) pro-poor orientation of innovations; (ii) building innovation capacity; (iii) nurturing partnerships for innovation; (iv) adopting rigorous innovation processes including associated risk management practice into innovations; (v) promoting a supportive organizational environment; and (vi) focusing on scaling up. A scoring system for evidence of innovation features was devised: 3 – strongly evident, 2 – partially evident, and 1 – not evident. The strategic, policy, operational guideline documents and selected evaluation reports were reviewed (see Appendix III) and scored to assess the strategic intent of the organization in terms of innovation.

35. The documents reviewed based on the above criteria revealed that the Fund has indeed made significant pronouncements to ensure that innovation is treated with due attention. There was a definite increase of emphasis on innovation from around 2000 till about 2006, which coincided with the adoption of the 5th replenishment report by the Governing Council in February 2000, undertaking of the first CLE on the topic, adoption of the IMI, and the inclusion of innovation as a key principle of engagement²⁰ in the 2007-10 Strategic Framework.²¹

36. The adoption of the innovation strategy in 2007 itself was a further reflection of the importance of innovation, even though the strategy was mainly a vehicle for articulating and formalizing the approaches that IFAD had pursued to promote innovations in the past decade or so. There is clear evidence that, at the strategic level, IFAD's attention was turning towards innovation well before the release of the 2007 Innovation Strategy (an assessment of the relevance and initial implementation of the innovation strategy is contained in chapter VI of the report). The 2005 IFAD Action Plan was a major contribution to the thrust towards innovation. More time is required to determine whether the trend in scores for innovation after the 2007 Innovation Strategy was maintained.

²⁰ Innovation, learning and scaling up is one of the six principles of engagement that the Fund would apply in its strategies and operations in order to achieve its overall development objectives.

²¹ Approved by the Board in its session in December 2006, see document EB 2006/89/R.2/Rev.1.

37. There are, however, still concerns. Some of the recommendations in the UCP of the 2000-2001 CLE on innovations were not implemented, and areas such as systematic development of innovation competencies and approaches to replication and scaling up were neglected. More fundamentally, questions were raised about IFAD's basic approach to the development of innovation capability, described as "let a thousand flowers bloom", which moves away from focusing on particular areas of need towards a generalized pro-innovation stance. These and related points will be examined in greater detail in the following chapters.

Key points

- ❖ In response to the request of the 5th replenishment, IEO conducted the first CLE on innovations in 2000-2001. This was a key document that analysed IFAD's capacity to promote innovations, and opened the way for concerted collective reflection and debate in the house on the topic.
- ❖ The IEE underlined that innovation was central for fulfilling IFAD's mandate. It further stated that while there are a few highly innovative projects, many are not. It also highlighted that IFAD's capacity to learn was inadequate.
- ❖ The ARRI produced by IEO since 2003 was instrumental in inculcating a culture of measuring and reporting on aggregate performance in innovation and scaling up.
- ❖ The IMI was developed in 2004 and the Innovation Strategy in 2007. The 2007-10 Strategic Framework included innovation as one of the six principles of engagement. These documents reflect the strategic pronouncements and importance IFAD attributed to the promotion of innovations as a means for reducing rural poverty.

III. META-EVALUATION OF PAST PERFORMANCE AND THE EVOLVING ROLE OF INNOVATION AND SCALING UP IN ONGOING OPERATIONS

38. This chapter draws upon building blocks (ii) and (iii) of the evaluation. These include assessing the performance of past IFAD operations in promoting innovations (using a meta-evaluation approach), and reviewing selected recent COSOPs and project designs (ongoing operations) with the aim of assessing the extent to which IFAD is internalizing its own experiences and lessons in promoting innovations, as well as determine the evolution of country strategies and projects following the adoption of the Fund's innovation strategy.

A. Innovation in Projects Evaluated between 2002 and 2008 and the Link Between Innovation Ratings and Project Performance

39. A meta-evaluation entails the aggregation of findings and results from a series of (previous) evaluations. The performance of past operations was facilitated by the fact that the promotion of innovation, replication and scaling up has been an integral evaluation criterion in IEO since 2002. It is also enshrined in the new IEO Evaluation Manual of 2009,²² which lists guiding questions for evaluators to answer in assessing and rating the performance of IFAD-funded projects in promoting innovations. As stated in the evaluation manual, IEO evaluations are required to assess innovation and scaling up in IFAD operations using the definitions adopted by IFAD in its innovation strategy of 2007. From 2002 to 2008, a total of 96 IFAD-assisted projects in all five geographic regions have already been evaluated by IEO using a consistent methodology.

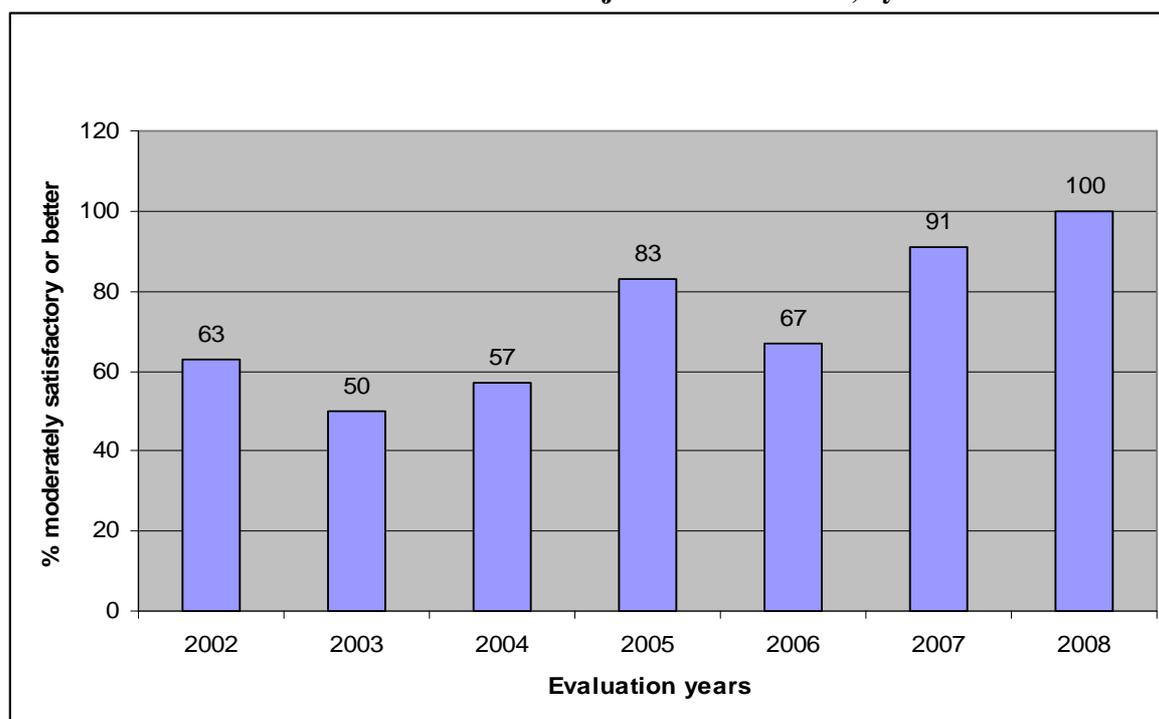
40. Moreover, IEO has since 2001 undertaken a number of corporate-level and thematic evaluations that focused on innovations. In addition to the corporate-level evaluation of 2000-2001, IEO undertook three major thematic evaluations on the subject. These include the: (i) Agricultural Extension and Support for Farmer Innovation in Western and Central Africa: Assessment and Outlook

²² The manual may be accessed at: www.ifad.org/evaluation/process_methodology/index.htm.

for IFAD (2001); (ii) Promotion of Local Knowledge and Innovations in Asia and the Pacific (2003–2004); and (iii) Innovative Experiences of IFAD-Financed Projects in Peru (2003–2004). These are in addition to the External Review of the Results and Impact of IFAD Operations (2002)²³ and the IEE (2004–2005), which also made assessments of the performance of IFAD-funded operations and derived insights on the topic. Therefore, this section draws on the wealth of existing evaluative evidence as well as additional analysis undertaken and information collected specifically in the context of this evaluation (e.g. through the country visits).

41. **Past performance.** Chart 1 shows the performance of projects by year since 2002 for innovations, replication and scaling up. It illustrates that the performance in terms of innovations has consistently improved over the years, with 100 per cent of projects evaluated in 2008 being moderately satisfactory or better. There are, however, two qualifications: (i) the relatively high results in 2005 may be caused by the fact that the projects evaluated by IEO in any year are largely chosen on a non-random basis; and (ii) the very high results in 2008 may be partly due to the fact that evaluations in the past devoted more attention to assessing the innovative characteristics of projects than analysing replication and scaling up. To redress this methodological concern, the new IEO Evaluation Manual now includes a set of questions that each evaluation is required to answer on both innovation, as well as replication and scaling up.

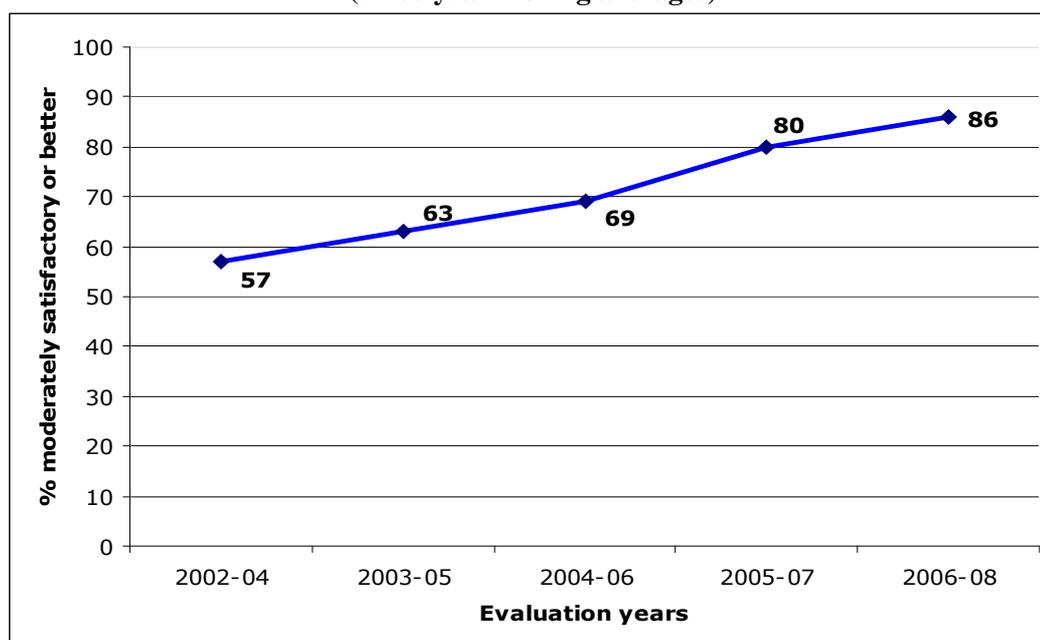
Chart 1. Performance of IFAD-funded Projects for Innovation, by Year of Evaluation



42. The above analysis and the positive trends are further corroborated by the three-year moving averages of the entire evaluation dataset (see Chart 2). Three year moving averages allow for a more reliable assessment of trends in performance over time, as it contributes to overcoming biases that may result from the sample of project evaluations, which are not chosen on a random basis.

²³ This document may be accessed at www.ifad.org/gbdocs/repl/3/e/REOK-VI-3-R-2.pdf.

**Chart 2. Performance of IFAD-funded Projects for Innovation
(three-year moving averages)**



43. Based on independent evaluation data, it seems plausible to conclude that IFAD has exceeded the target it has set for its performance for innovations. As agreed with the Board in September 2007, the results measurement framework for reporting on progress achieved against the IFAD Strategic Framework (2007–2010) required 65 per cent of projects to be moderately satisfactory or better by 2010. Data from IFAD’s self-evaluation system also reveals that the set target has been surpassed,²⁴ with 71 per cent of projects closed in 2008–2009 manifesting a moderately satisfactory or better performance in innovations.

44. In addition to the overall emphasis by the management and IFAD Governing Bodies, there are various reasons for the upward trend over the years and improvements in the performance of IFAD-funded projects in terms of innovation. For example, following the advent of the IMI in 2004 innovation began to receive more attention in the self-evaluation system, particularly in the portfolio performance reports produced by the management; this was one measure that encouraged CPMs to treat the promotion of innovations more coherently. Another development was the increasing recognition over time that IFAD needed to devote enhanced attention to non-lending activities (such as knowledge management, policy dialogue and partnership building) in addition to financing investment projects, given the significance these non-lending activities have for the promotion of innovation, and their replication and scaling up. An additional factor is that relatively deeper attention was devoted to exchanging experiences within IFAD through the establishment of electronic knowledge networks²⁵ and there was more systematic organization of annual implementation workshops at the regional level and seminars and workshops at Headquarters. This was particularly important given that a large number of innovations are those that have been previously applied in other contexts.

45. The country visits undertaken during this evaluation and other IEO evaluations of individual projects and country programmes systematically reveal that two far-reaching adjustments to IFAD’s operating model have been critical in promoting innovations: (i) direct supervision and implementation support; and (ii) country presence. Even though the direct supervision policy was not adopted too long ago, IFAD started to experiment with direct supervision in the second half of the

²⁴ See Chart 1 in the 2009 Report on IFAD’s Development Effectiveness (EB 209/98/R.10).

²⁵ Electronic Networking for Rural Asia/Pacific (ENRAP), FIDAMERICA, FIDAFRIQUE and KARIANET.

1990s,²⁶ and there are several examples of some form of country presence having been established before the Field Presence Pilot Programme was officially launched in 2003. These two elements of the operating model are fundamental because they enable IFAD to enhance its knowledge of potential institutions and partners, scout for innovations and identify at an early stage opportunities for replication and scaling up. In fact, the 2007 ARRI notes that some of the most innovative projects were in countries with a permanent IFAD presence – India and Peru, for example – and that direct supervision and implementation support allow for adjustments during implementation and more systematic follow-up, which is necessary when piloting innovations. Finally, there are other reasons related to IFAD’s own organizational capabilities (e.g. improved attention to innovation in quality enhancement and quality assurance) that can explain the better project performance in terms of innovation, which are covered in chapter IV.

46. The evaluation did also find a number of limiting factors affecting the performance of IFAD-funded projects in the promotion of innovations as may be seen from Box 2, including the fact that governments are not often open to borrowing for innovative projects that may fail or the need for better use of both loans and grants for different phases in the innovation journey. Moreover, one area where performance is systematically found to be inadequate is the scaling up of successfully piloted innovations. There were a number of examples of scaling up found during the country visits, however, according to the evaluation, they were often a manifestation of the initiatives, competence and perseverance of individuals rather than a result of an institutional approach and efforts to the topic. IFAD is aware of the generally weak results in scaling up, and there is evidence of increased attention recently by management to the issue.

47. IFAD has an active grants programme for research, which has contributed to generating numerous innovative approaches, for example, in better land use management, pro-poor technology, gender mainstreaming, and livestock development, but the results of these important initiatives have not easily found their way into the Fund’s mainstream investment programmes. It can therefore be concluded that the potential of IFAD’s grants programme has not been fully exploited in the innovation promotion process. The implementation of the new IFAD grants policy (2009) offers an opportunity to redress this area of limitation in the past.



Brazil: Farmer Osmar Rodriguez Paixao shows a visiting farmer a melon from his melon plantation on his farm in Umari, near Baturité. Osmar is one of the contact farmers selected by the project to receive technical assistance on his farm which will then serve as a model for other farmers.

IFAD Photo by Franco Mattioli

²⁶ Through the Direct Supervision Pilot Programme approved by the Board in 1997.

Box 2. Factors Affecting Innovation and Priorities for Moving Forward (ARRI, 2007)²⁷

Factors affecting innovation:

- Innovation is a relatively new objective for IFAD. Most of the projects evaluated pre-date this.
- Design and approval pressures do not allow sufficient time for scouting for new ideas.
- There is a possible tension between a focus on results (which favours proven solutions) and a focus on innovative approaches (which increases the risk of failure).
- The risks of innovation are perceived differently by and distributed differently among different stakeholders.
- Gaps exist in competencies and capacities within IFAD and its partners.
- Loans may not be the most appropriate financial instrument, or at least they need to be better linked with grants.

Priorities for moving forward:

- Clarify the definition, aspiration and measurement.
- Create a more supportive “space” and internal culture for innovation.
- Structure the innovation process, and train staff to support it.
- Increase the time and capacity for innovation scouting.
- Consider measures for marketing and sharing innovation at the country level (e.g. innovation fairs).
- Re-examine the case for more flexible financing instruments and the focus on governments.
- Consider how innovation could be facilitated and encouraged within project design and implementation.
- Increase direct supervision, implementation support and country presence.
- Improve knowledge management, innovation-sharing and the rotation of staff.

48. **Innovation and other project results.** The analysis conducted in this evaluation revealed a positive relationship between good performance in innovation and project results (e.g. in terms of effectiveness and impact). Nearly all projects that obtained a satisfactory or highly satisfactory rating for innovation had a similar rating for project performance²⁸ and overall project achievement.²⁹ But the same relationship is not evident between satisfactory performance in innovation and sustainability: in 70 per cent of the projects evaluated, sustainability was moderately unsatisfactory or worse, with similar performance in innovation. This is also due to the fact that numerous complementary factors such as post-project financing of recurrent costs and mainstreaming of institutional arrangements following project closure are essential for ensuring the sustainability of benefits, whereas successful implementation of innovations is essential for achieving effectiveness and impact, given that innovations are a central feature in project design.

B. Lessons Learned on Innovations from the ARRIs

49. IEO published the first ARRI in 2003, and since then all ARRIs have included analysis of performance in innovation and scaling up. This first ARRI was prepared immediately after the first evaluation of IFAD’s capacity as a promoter of replicable innovations, and reflected its findings and conclusions (see Box 3).

²⁷ Identified by IFAD staff at the ARRI learning workshop in 2007.

²⁸ Project performance is a composite of ratings for relevance, effectiveness and efficiency.

²⁹ Overall project achievement is a composite of ratings for relevance, effectiveness, efficiency, impact, sustainability and innovation.

Box 3. Features of Innovations that Worked in IFAD-Supported Projects (ARRI, 2003)*

Successful field innovations in IFAD-supported projects shared the following characteristics:

- They addressed a need widely shared by the poor.
- They built on existing or traditional knowledge technologies, practice, and cultural and social norms.
- Farmers participated in their design and implementation.
- Their advantages were clear to farmers, and the rewards were rapidly visible.
- The cost of adopting them was affordable, financially and socially.
- They were relatively simple, and less likely to arouse distrust among the rural poor.
- They were well tested: prior testing of innovations, particularly when they are brought in from outside the area, is necessary to reduce risks.
- They were based on exchanges of farmers' knowledge in project areas and among regions.
- The project design approach was flexible, and frequent adjustments took place.
- There was genuine commitment on the part of all partners during project implementation.
- The correct policy environment facilitated them.
- They were easily reversible if unsuccessful.

*Based on findings of the *Evaluation of IFAD's Capacity as a Promoter of Replicable Innovations* (2002)

50. The 2007 ARRI included innovation as one of the two learning themes covered by the document; the other was sustainability. The report identified some of the essential factors affecting innovation, and suggested that successful innovation needed:

- an explicit innovation objective;
- a structured innovation process with clear sequential steps;
- a genuine commitment to innovation and capacity-building for it by IFAD and its partners;
- a supportive policy environment and effective local partners;
- better analysis and treatment of risk;
- improved knowledge management and sharing of experience and lessons learned from IFAD programmes and others; and
- flexible project design, longer project time-frames, frequent adjustments during implementation and systematic follow-up; some of the most innovative projects were in countries with a permanent IFAD presence.

51. A list of issues to be addressed to improve IFAD's performance in innovation is given in the 2007 ARRI and reported in Box 2. These issues were identified and discussed by IFAD staff in a learning workshop organized by IEO in preparation for the 2007 ARRI.

52. All ARRI's consistently recommended for IFAD to plan and implement innovation, replication and scaling up as structured processes with explicit objectives and resources. They also concluded that results remain weak in terms of replication and scaling up in IFAD-supported projects. Recent ARRI's note the consistent improvement in project rating for innovations, but make the point that most of the projects evaluated were not designed and implemented with the specific purpose of promoting the replication and scaling up of successful innovations, nor were partners selected or resources and activities mobilized for this objective.

C. Methodology for Innovation Assessment in Evaluated Projects and Ongoing Portfolio

53. **The assessment framework.** Although successive ARRIs presented a consolidated view of IFAD's performance in innovation, it was imperative for this evaluation to gain further insights through a more detailed assessment of innovation in the projects already evaluated by IEO. As discussed in other parts of this evaluation, the Innovation Strategy gives substance to IFAD's recent thinking on innovation and scaling up and confirms its aspiration to mainstream them into its operations. The assessment framework used by the evaluation was therefore guided by concepts and principles in the innovation strategy. It was developed in tandem with the review of recently designed projects (ongoing portfolio) to ensure consistency, building on the analysis undertaken for the second and third building blocks of the evaluation.

54. The framework (see Appendix IV) is divided into two parts: the first is descriptive, providing information about different types of innovation, sectoral coverage and the nature of scaling up where relevant; the second consists of six composite criteria that reflect the main requirements for the promotion of successful innovation and scaling up in IFAD's operations, as embodied in the innovation strategy. These are:

- (i) pro-poor orientation of innovation as a principle;
- (ii) building capabilities and understanding challenges requiring innovation;
- (iii) nurturing partnerships and facilitating innovation networks;
- (iv) embedding rigorous innovation processes and associated risk management into the management of innovation;
- (v) facilitating a more supportive organizational environment for innovation; and
- (vi) focusing on replication and scaling up of innovations.

55. Each feature is broken down into 15 indicators (see Appendix IV). These were scored for each project to gain deeper insights into the performance of innovation in evaluated projects. As noted above, the same framework was applied for the assessment of innovation in the design of the ongoing portfolio. The purpose is to determine whether the main features of innovation are becoming more evident in the design of recent projects, particularly since the adoption of the Innovation Strategy. The scoring system for each indicator is as follows: 3 – strongly evident, 2 – partially evident, or 1 – not evident.

56. **The sample of evaluated projects.** Between 2002 and 2007, IEO evaluated 85 completed projects: 53 stand-alone project evaluations and 32 in CPEs. A sample of 30 projects – 35 per cent of the total – was selected for the current study. The selection process targeted the most recent project evaluations, bearing in mind that the regional distribution of the sample, the relative weight of stand-alone evaluations and the distribution of innovation ratings were as near as possible to that of the population of evaluated projects. The selected projects were approved between 1996 and 2000, and were closed between 2002 and 2008.

57. **The sample of the ongoing portfolio.** The assessment covers 21 COSOPs and 68 ongoing project design documents. Sixteen of the COSOPs were approved after the innovation strategy, whereas five were from the period 2003-2006. The 68 projects reviewed are in 42 countries, 13 in each region except the Asia and Pacific Division where 16 projects were reviewed in view of the larger number of new project designs. This sample includes all 45 projects approved since December 2007 following adoption of the Innovation Strategy, and a cohort of 23 ongoing projects designed previously. The projects were all designed between 2003 and 2008 and were ongoing at the time of this evaluation. For project design, the score is assigned for the extent of description and the intent of innovation: it does not make a judgment as to whether the approach is likely to succeed, other than where there are obvious weaknesses in the design. It is likely that at project completion the practicalities of implementation may result in a score that is different from the picture presented at the

design stage: it is acknowledged that the documents may not be a full reflection of the potential for innovation in all cases, but further insights were gained through the country visits undertaken in the course of the evaluation.

D. Characteristics of Innovation in IFAD Projects: the Old and the New

58. **Forms of innovation.** According to the Innovation Strategy, there are three levels of intensity in processes of innovations: (i) first and most common in IFAD is the adoption in a new context, or on a new scale, of practices or technologies developed by others or in other contexts; (ii) adaptation is also common in IFAD, and it occurs when a practice is useful but not fully appropriate to a context, requiring a certain amount of redesign; and (iii) the least frequent, but most intense type of innovation is the creation of new practices or ideas, which occurs by virtually accidental creative acts or by new combinations of existing ideas.

59. Majority of the projects evaluated by IEO since 2002 include adoption in a new context, or on a new scale, of innovative practices or technologies that have been developed by others or previously applied in other contexts. Of the completed projects, 97 per cent fell into this category. About half of these also included some form of adaptation (e.g., of the technology or institutional arrangements) to meet the requirements of the target group in a new context. The creation of entirely new innovations is rare and limited to only around 7 per cent of the projects evaluated by IEO since 2002. It is also useful to underline that 10 per cent of the projects evaluated were second or third phase operations, aimed at consolidating earlier investments in innovative practices.

60. **Increasing emphasis on creation of new innovations.** The picture emerging in the ongoing portfolio is somewhat different: 81 per cent of innovations are adoptions of known practice in new contexts, but the proportion of designed adaptations increased to 76 per cent. Two other important developments in the new design are: (i) the significant increase in the percentage of new innovations to 43 per cent of the reviewed designs; these either promoted a new combination of known practices or created new innovations such as smart cards and mobile telephones to promote access to markets, improved seeds, and soil conservation techniques; and (ii) the increased emphasis on consolidating innovative initiatives in follow-up phases, which increased to 26 per cent. The process of creating new innovations is not clearly defined in the Innovation Strategy because it is a matter of combining new ideas and processes with established practices. There is a need for IFAD to be clearer on this because the need for testing and levels of risk are much higher with new innovations.

61. **Types of innovations: the declining role of innovation in agricultural technology and increased role of policy and partnership.** With regard to the types of innovations, it is important to first underline that an IFAD-funded project may include innovative approaches in more than one sub-sector or thematic area. Therefore, in closed and ongoing projects there were considerable overlaps among the different types of innovation: for example, new technologies were often introduced through innovative institutional approaches, and new forms of partnership were often accompanied by policy innovations. The meta-evaluation undertaken found that the most common type of evaluations in past operations are institutional (83 per cent), technological (50 per cent), empowerment of rural women (33 per cent), partnership (17 per cent) and policy (13 per cent). However, the new project design showed a different pattern where institutional innovations are still dominant (81 per cent), followed by innovations in partnerships (60 per cent), policy (44 per cent), technology (29 per cent) and gender (21 per cent). The first three types of innovation are consistent with IFAD's current strategic thrusts towards institutional and partnership development and policy dialogue. The decreased share of technological innovations for agricultural production is a concern in view of the persistent food insecurity situation in low-income countries, climate change and the continuous degradation of natural resources.

62. **Change in the sectoral coverage of innovations.** The meta-evaluation indicates that innovations cover the sectors of agricultural production and related technologies and services (60 per cent of the projects evaluated), rural financial services (53 per cent), natural resource management

(NRM) practices (37 per cent), small-scale and medium-scale enterprise (SME) production and marketing (23 per cent) and access to land and water (13 per cent). As mentioned above, projects may include innovative practices in several sub-sectors, and that is why the percentages may add up to more than 100. The emphasis changed in the ongoing portfolio, with a significant drop in the share of agricultural production and related technology and services, including product marketing, to 35 per cent – half of its share in the evaluated projects; rural financial services maintained its share; access to land and water and SME development and marketing increased their shares. This is consistent with IFAD’s focus on rural finance as a mechanism for poverty reduction; it also relates to the large number of projects that included innovations in institutional enhancement, many of which involved rural financial institutions. SME development and marketing was a consistent theme in project designs, but the designs are now becoming more sophisticated, with emphasis on value-chain analysis, information and technology.

E. Where does IFAD Innovate Best? Characteristics of Innovations that Succeeded

63. Successful innovative projects do not invest in a single innovative activity but often include a set of complementary new approaches and processes covering different areas. Successful innovations were concentrated in the rural financial services, followed by SMEs, in line with the shift in IFAD emphasis over the last 15 years. Innovations in agricultural technology did not have a high success rate: of the technological innovations attempted, 40 per cent were rated successful by the evaluations. IFAD’s comparative advantage in innovation is therefore not closely related to its traditional domain of agricultural production, technology and related services. Innovations that succeeded were mostly in the adoption category, but with a greater degree of adaptation. All projects that invested in phase II or phase III to consolidate innovations performed moderately satisfactorily or better in terms of innovation, which supports the conclusion that innovations require time to mature. Successful innovations strongly emphasized institutional innovations, with emphasis on organizations of communities, and innovations in supporting gender equality. Of the ten projects in the closed project sample that attempted to innovate in terms of gender equality, nine were rated successful by the evaluations. This is no doubt a result of IFAD’s increasing work in the last decade to promote gender in its project design and implementation.

64. **Progress on desired features of innovation: the six composite criteria.** The evaluated projects demonstrate only partial fulfilment of these criteria (see Table 2). IFAD-supported innovations are strongly pro-poor, and their implementation is generally associated with capacity-building. Two thirds of the projects reviewed demonstrated strong evidence of emphasis on poverty; the remaining third had partial evidence. Capacity-building around innovative practices and appreciating the challenges were generally evident in 87 per cent of the projects reviewed, and strongly evident in 27 per cent. Support for partnerships and networks for innovation were evident in only half of IFAD projects, and strongly evident in less than a quarter. None of the reviewed projects demonstrated strong evidence of methodical adherence to the rigorous innovation process called for in the Innovation Strategy, but half showed evidence of following some of the stages; similarly, none showed strong evidence of facilitating a more supportive environment for innovations. Evidence of IFAD’s work and achievements in replication and scaling up was the weakest of all the criteria. Strong evidence of systematic drive, explicit strategy and achievements in this area existed in only 11 per cent of the sample; there was partial evidence in 20 per cent, but in more than two thirds of the sample no evidence existed to this effect.

65. Considerable progress was observed in the design of the ongoing projects in terms of the composite criteria. Scores were higher than in the closed projects for all criteria except the pro-poor orientation of innovation (see Table 2). Significant progress was made, particularly in following rigorous innovation processes and creating a supporting environment and in replication and scaling up. IFAD’s strategic emphasis on innovation and scaling up seems to have trickled down to project design, but the aggregate scores stood between “strongly evident” and “partly evident”; they were particularly low for replication and scaling up (see Chart 3 and Table 2).

Chart 3. Project Design Scores for Innovation Over 2003-2008

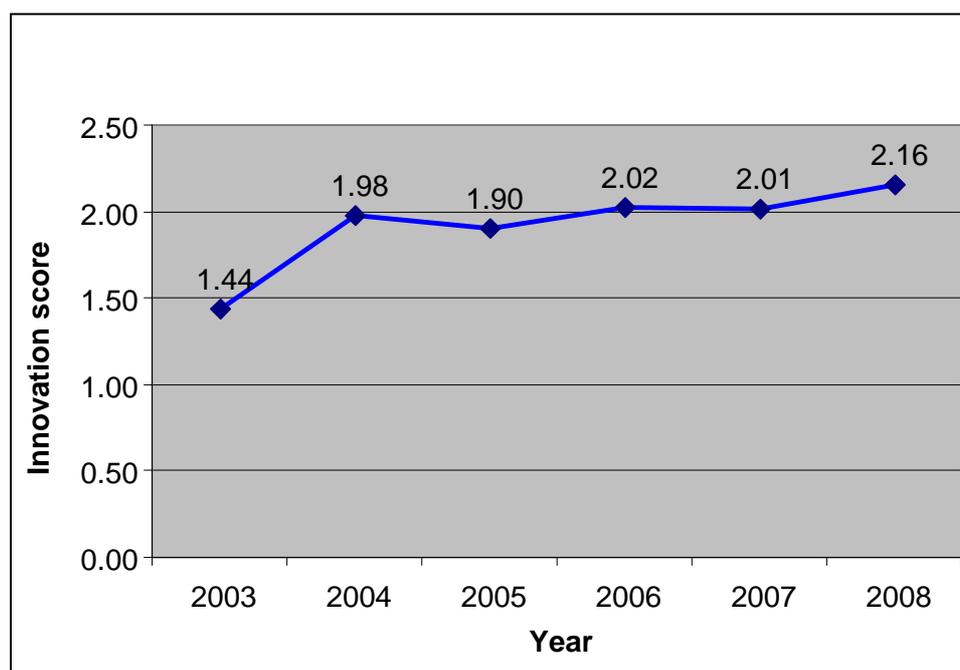


Table 2. Evidence of Innovations Promotion in Evaluated Projects and New Design

Criteria \ Scores		Strongly Evident		Partly Evident		Not Evident		TOTAL	Average Score (1-3)	
		Evaluation %	Portfolio %	Evaluation %	Portfolio %	Evaluation %	Portfolio %		Evaluation	Portfolio
I.	Pro-poor orientation of innovation	63	67	37	28	0	5	100	2.63	2.56
II.	Building capacities and understanding challenges of innovation	27	47	60	37	13	16	100	2.13	2.38
III.	Nurturing partnership-facilitating networks for innovation	23	49	27	40	50	11	100	1.57	2.10
IV.	Embedding rigorous innovation processes and risk management without management practice	0	26	53	62	47	12	100	1.53	2.28
V.	Facilitating a supportive environment for innovation	0	12	53	68	47	20	100	1.43	1.88
VI.	Replication and scaling up	11	18	20	50	69	12	100	1.20	1.82

F. IFAD’s Evolving Approach to Innovation

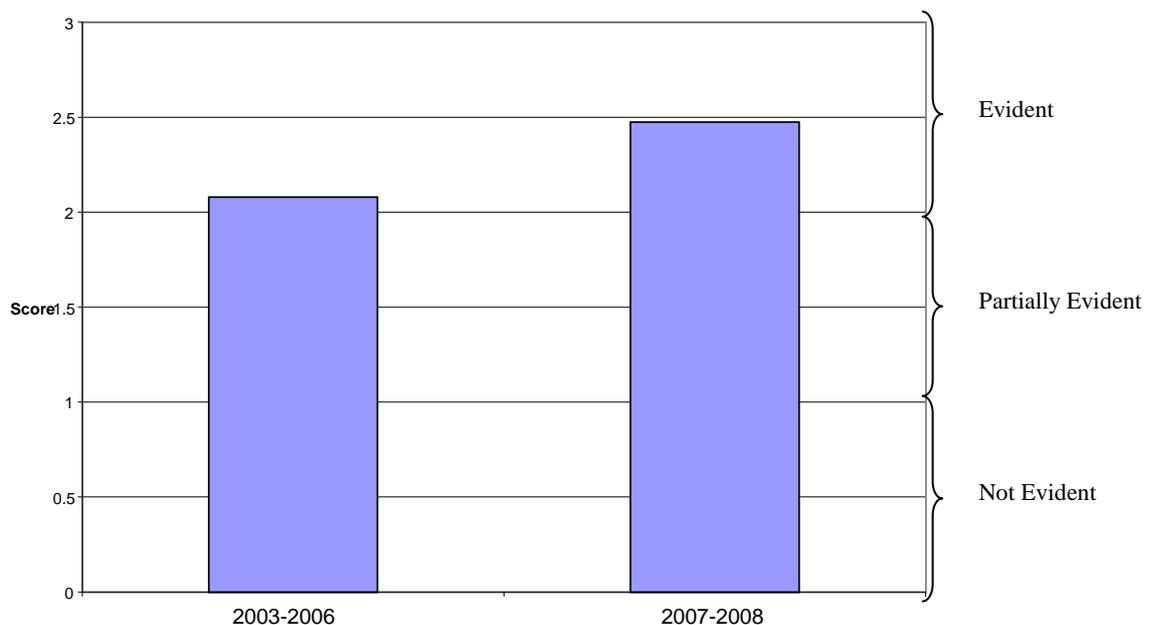
66. **Innovation is now a key principle of IFAD.** As mentioned earlier, corporate policies, strategies and guidelines have internalized innovation as a key operating principle of IFAD. There is unambiguous understanding that IFAD now requires a strong element of innovation in programme activities and project designs. This has been reflected to a considerable extent in COSOPs and in the design of the ongoing portfolio. Programme design work in IFAD is clearly changing in response to the strategic and policy focus on innovation. The pattern of improvement over the last six years points to a gradual shift towards an approach that facilitates innovation rather than a radical change.

Emphasis on Innovation at IFAD’s Country Strategy Level

67. The trends in IFAD’s country-level approach to innovation have been identified through an assessment of a sample of 21 COSOPs, using a framework similar to the one described above. The sample covered two periods rather than a sequence of years: the two time periods were: (i) September 2007 (the approval of Innovation Strategy)–2008: all 16 COSOPs approved; and (ii) 2003–2006: five COSOPs in five countries.

68. There is a clear pattern showing that the 2007 and 2008 COSOPs pay more detailed attention to the promotion of innovations, as compared to those formulated before that period (see Chart 4). The difference in evidence of innovation in new COSOPs in 2007 and 2008 compared with COSOPs generated in earlier periods moved from just above “partially evident” to “evident”.

Chart 4. Innovation Scores for COSOPs



69. The scoring of COSOPs in terms of the detailed criteria for innovation also shows a systematic improvement between the two periods, which indicates that the COSOPs were influenced by IFAD’s increasing focus on innovation at the strategic level. For example, the newer COSOPs articulate more comprehensively the partnerships for innovations and the role of knowledge management, but older COSOPs fall short in analysing the risks and their potential consequences. In the earlier COSOPs, there was a variable approach to innovation; in contrast, recent COSOPs have a more uniform approach that clearly articulates a strategic thrust to innovation. In the 2002 COSOP for Moldova, for example, the only reference to innovation is in the title of a section called “Main Opportunities for Project Interventions and Innovation”. The report provides four paragraphs related to the main project initiatives but does not specifically mention areas of possible innovation. But the 2007 Moldova

COSOP shows a substantial shift towards a country-level approach to innovation and has a separate section entitled “Opportunities for Innovation” that articulates a clear approach to innovation. The evaluation also found that the Guidelines for COSOPs approved in December 2006 contributed considerably towards greater emphasis on innovation in new COSOPs.

Strength of IFAD’s approach to innovations at project level

70. The detailed study of the scores for the 15 innovation indicators (see Appendix IV) suggests that IFAD has four strengths as a promoter of innovations: (i) the pro-poor orientation of innovations; (ii) capacity-building for innovation; (iii) building on lessons learned in country programmes, with experimentation and adaptation to the new context; and (iv) building partnerships for innovations, an evolving strength in IFAD that is emphasized in new designs. These factors were also important ingredients in successful innovation.

71. **The pro-poor orientation of innovations.** The evaluations reviewed contained clear evidence of close adherence to IFAD’s definition of innovation, IFAD’s support in addressing the priorities of the poor, recognition of pro-poor opportunities for innovations, and empowering poor people’s organizations at the local level through innovations. Among the projects that were rated “satisfactory” for innovation, 85 per cent had clear evidence of pro-poor orientation. Of those that were not satisfactory, 76 per cent did not focus on the poor. All projects with successful innovations contained evidence that the poor had participated in the processes. Participation was not only an element that facilitated the success of innovation: in projects in Bangladesh, Brazil, Burkina Faso, Ethiopia, India, the Philippines, the United Republic of Tanzania and Viet Nam, the fact that IFAD adopted participatory approaches was itself an innovation and was confirmed in the country visits. The poverty orientation of innovation was also apparent in the new design, but the score was slightly lower (see Table 2). In particular, the participation of the poor in the innovation process itself was less evident in the new design.

72. Although the strength of the poverty criterion for innovation is undisputable, project documents can interpret almost any initiative as “innovative” in some way at some level and provide justification because the definition of innovation in IFAD is very broad. IFAD projects promote a range of products and processes as “innovative” at some scale, but the absence of objective measures of the degree of innovation masks the value of the term. There appears to be a lack of clarity as to what can be considered innovative and what can be considered best practice applied in a new situation. Innovation is seen as a desirable attribute of IFAD’s comparative advantage, but the range of activities described as innovative, as well as the uncertainty of what “newness” really is, may undermine the operational value of innovation in IFAD.

73. **Capacity-building around innovative activities.** This was recognized as an important requirement to promote innovations in the evaluated projects reviewed and the new design, with evidence in around 85 per cent of cases in both groups; it was also a key element in successful promotion of new practices and approaches in closed IFAD projects. Three quarters of all projects with successful innovations showed clear evidence of supporting capacity-building; in particular, the projects reviewed frequently showed that project management capacity at the country level was crucial to promoting successful innovations: this was evident in all country visits, especially Brazil and Morocco. Many lost opportunities for innovations were associated with poor management and lack of skills and knowledge among project staff, particularly in relation to the requirements of the innovation processes as in Belize and Mongolia; the Nigeria country study clearly illustrates such lost opportunities. The approach followed in most cases of successful innovation was to transfer resources and decision-making powers to the users of the innovation and provide skills training and capacity-building for staff of the government and non-government institutions involved and for institutions such as water users’ associations and savings-and-credit cooperatives. Emphasis on capacity-building in new project design increased over time, but capacity-building was largely understood as training in technical skills for the innovative activities rather than targeted enhancement of understanding of the

ways in which innovation processes work and can be supported, and of the incentives required to promote them.

74. **Learning, experimentation and adaptation.** One of the strengths in IFAD's approach to innovation is building on lessons learned and adopting or adapting them in new contexts: this approach capitalizes on previous investments in a country by building new projects on the knowledge generated in previous projects. There are many examples of building on lessons learned and adopting and adapting innovation in the new context. This is also evident in the multiple-phase projects. The attraction of applying lessons learned in a new context is that it builds on known elements and so minimizes risk. More than 50 per cent of closed projects showed evidence of internalization of lessons learned; the figure was 90 per cent for the new design.

75. Of the evaluated projects, 60 per cent had evidence of experimentation or trialling; adaptation of innovations improved to 80 per cent in the new project design. All innovations in Albania, Bangladesh, Brazil, Colombia, Nigeria, Pakistan, Peru and the Philippines with strong evidence of testing and adaptation were rated satisfactory in terms of innovation performance; 70 per cent of successful innovations had evidence of learning and adaptation. For technological innovations in particular, success was associated with testing, adaptation and validation of new technologies carried out jointly by farmers and technicians at the farm level along with the application of participatory research and learning practices.

76. **Building partnerships for innovations: an evolving strength in the new design.** Building partnerships and networks to promote pro-poor innovations was an important factor for success in innovation, particularly in terms of identification of intervention needs, testing, experimentation and transfer of innovative solutions. Partners' commitment and capacities were essential for proper design, implementation and monitoring of innovations, but insufficient attention was devoted to building innovation partnerships and networks in closed projects. Evidence of partnership building for innovation was found in half of the reviewed projects. Twenty-three per cent of projects showing strong evidence of partnership performed satisfactorily in terms of innovation. Partnerships that succeeded in promoting pro-poor innovations were broader and multi-disciplinary: they included government and non-government institutions, civil society organizations, international and regional research institutions, pro-poor organizations and private-sector entities working in the rural sector. Partnership with centres of the Consultative Group on International Agricultural Research (CGIAR) was particularly valuable in promoting agricultural innovations in technology and natural resource management. Involving them during project implementation for testing and adaptation paid dividends in terms of innovation success, for example in Pakistan and the Philippines. In a number of cases, innovative partnerships proved essential to drive innovation performance, for example in Belize and Pakistan. In several cases, lost partnership opportunities proved detrimental for innovation, as in Ghana and Nigeria.

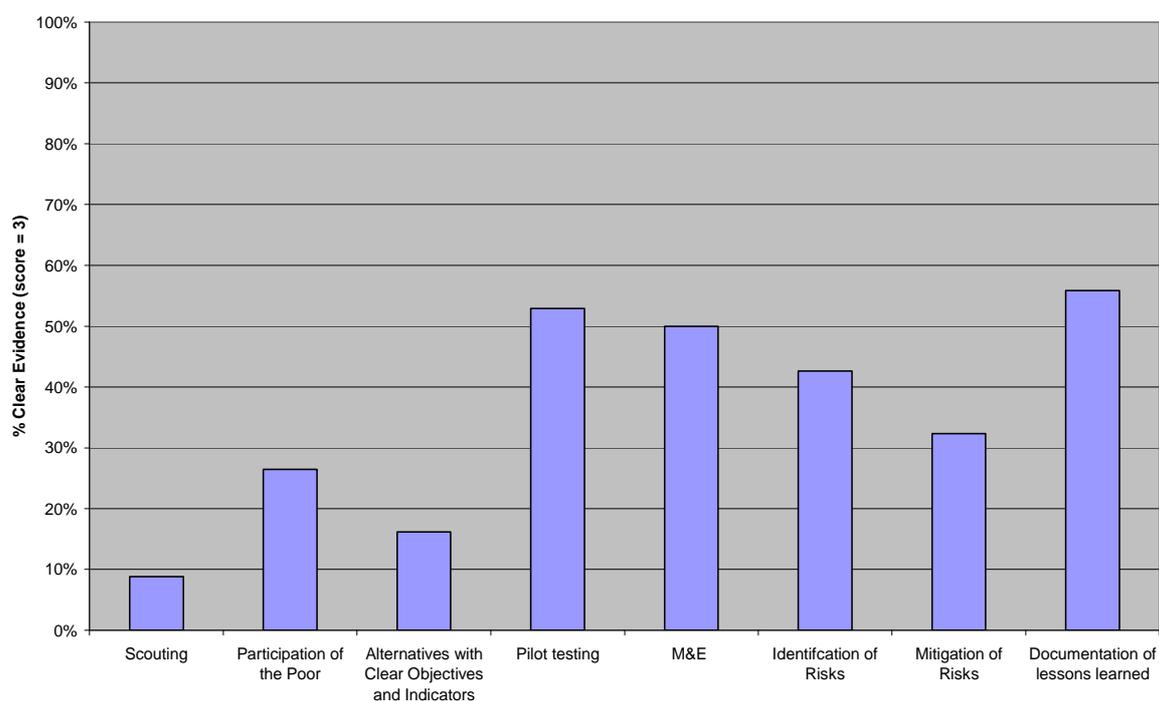
77. The situation changed markedly in the new design, which demonstrates better appreciation of the role of partnership and its importance for success in innovation. Almost 90 per cent of the reviewed project designs showed evidence of planned partnerships and networking. There was evidence of a link between recognition of the crucial importance of robust alliances among partners with an interest in developing an innovative approach, and innovative overall project design. The link was less clear for innovative elements in a project. Discussion of partnership development in some projects was weak and did not detail ways in which partnerships could be developed to support the innovation process. Project designs with the highest rating for innovation usually had specific partnerships for promoting innovation: the design for the Decentralized Programme for Rural Poverty Reduction in Viet Nam, for example, includes a technical innovation advisory group of stakeholders to review designs for on-farm trials and to supervise them.

Areas Needing Improvement in IFAD’s Approach to Innovations and Scaling Up

78. The reviews of evaluated projects and the new design suggest that there are six areas needing attention if IFAD is to become a leader in innovation for rural poverty reduction. They are largely related to embedding rigorous innovation processes in project design and implementation: (i) greater involvement of the poor as partners; (ii) scouting for innovative solutions to challenges; (iii) identifying risks in innovation and ways to mitigate them; (iv) using grant funding for the testing of innovative solutions and linking it with lending-based activities; (v) orienting M&E and knowledge management systems to promote innovations; and (vi) developing a systematic approach for scaling up successful innovations.

79. **Rigorous innovation processes.** IFAD does not perform well in embedding rigorous innovation processes in project design and implementation, despite the strategic intention to do so (see Chart 5). There is recognition that there should be a comprehensive process, but embodiment of this understanding in operations is at best only partially evident. The idea of innovation has increasingly become part of IFAD’s project processes, but without the necessary rigour to support a reasoned, monitored and managed innovation process. The understanding that innovation requires a structured process is evident in most project designs, but evidence of its application is not yet clear. Only 27 per cent of the project design sample clearly stated how the innovation process would occur in line with the criteria. Basic elements such as scouting for new solutions to identified challenges and setting clear objectives and indicators at the outset were largely absent. Identification of innovation risks and their management were not evident in the closed projects, and only marginally more so in the new design. Not all the projects showed definite evidence of the cost-effectiveness of innovations in relation to other alternatives, though this aspect was improved in the new design.

Chart 5. Innovation Processes in Project Design (percentage of clearly evident scores)



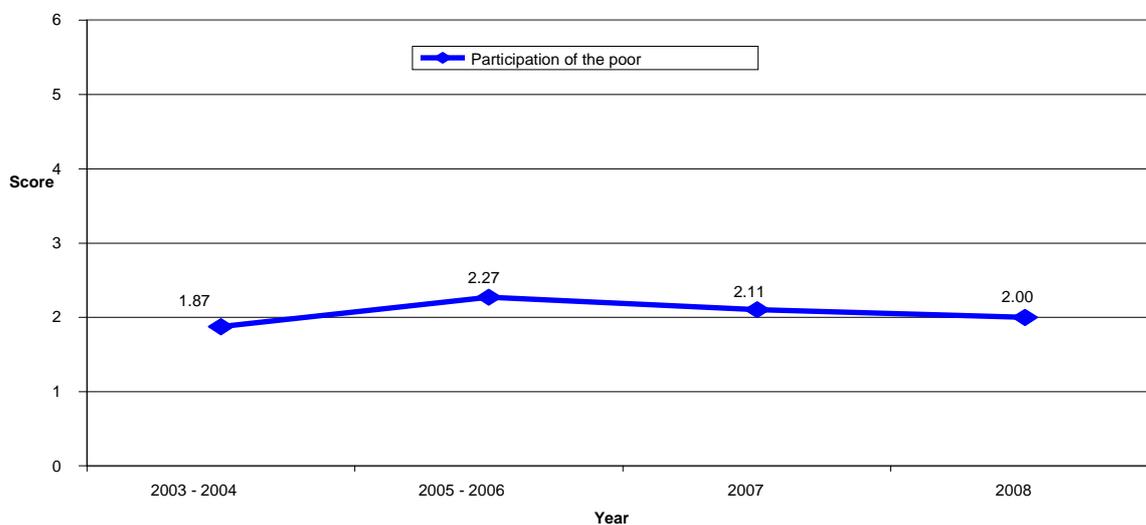
80. **Greater involvement of the rural poor in the innovation process.** Despite the strong pro-poor orientation of innovations in IFAD-supported interventions, the focus on the poor was less evident in the actual process. Only 27 per cent of project designs explicitly mentioned the inclusion of poor people in the innovation process itself; the figure for completed projects was 37 per cent. The trend declined between 2005 and 2008 (see Chart 6), which means that the approach to innovation is currently more top-down than bottom-up. The innovations are designed to benefit the poor, but fewer than 30 per cent of projects directly involve poor people in the innovation process itself. This is

consistent with the increased focus on policy-related innovations observed earlier, where project interventions are mainly at the government level or at levels that are distant from the rural poor even though the outcomes are intended to benefit the poor.

81. Project design reviews demonstrate a change in IFAD’s approach to innovation. More emphasis is now given to the strategic level of innovation with partner organizations. The focus on innovation is still pro-poor, there is a move towards improving the facilitating environment for poverty reduction and the innovations that support it: for example the move towards increased emphasis on policy and institutional development, SME, market linkages, supply-chain management and links to export markets are further removed from the traditional integrated area-based approach to rural poverty reduction. It is also at variance with the original IFAD pronouncement that innovation should “...address the needs widely shared by the poor and involving farmers in the design and implementation of innovations ...” (ARRI, 2003) and should aim at “... identifying, stimulating and building on local innovations that emerge from the rural poor, themselves, through a process of mutual learning and lesson-sharing with other stakeholders ...” (IFAD Action Plan V, 2000–2002).

82. These new approaches require IFAD-supported projects to liaise more with senior decision-makers in governments and with the larger private-sector partners, who are usually not located in or familiar with the project area. But although the aim of innovations is to benefit poor communities in the target areas, the innovations themselves may hence be partially or fully separate from the direct impact of a project on the target group. There is sound justification for IFAD to innovate in these policy and institutional areas – but it is important that the link with poverty reduction and the priorities of the rural poor in downstream activities be clearly articulated to ensure that target groups enjoy the full benefits of any innovation. Some newer project designs such as the Mauritius Marine and Agricultural Resources Support Programme attempted to ensure this: they should be monitored during implementation to provide insights and lessons.

Chart 6. Participation of the Poor in Innovation Processes 2003–2008 (project design)



83. **Scouting for innovative solutions to identified challenges.** Scouting is the systematic search for potential new approaches, practices and technologies to address identified challenges. IFAD-funded projects are particularly weak with regard to this step: only three projects in Bangladesh, Burkina Faso and Morocco – 10 per cent of the evaluated projects reviewed – had evidence of scouting for innovative solutions; all three produced successful innovations, and two of them were linked to grants funding for scouting. Of the 30 projects reviewed, 27 showed no such evidence.

84. The new design was no better in terms of scouting. Only six projects – 9 per cent – had evidence of scouting. The low level of scouting is not surprising in view of the prominence that IFAD

gives to building innovation from lessons learned in its country programmes and the fact that the dominant pattern of innovation is adoption or adaptation of existing innovations in new contexts, which substantially reduces the need for serious scouting for new innovative solutions. Fifty-six per cent of innovations in project designs were clearly based on lessons from previous projects. The design process for most projects rarely included a search for new innovations to integrate into project design. If IFAD wishes to pursue its strategic intent to promote innovation, more attention must be given to scouting and instruments should be developed for it.

85. **Identification and mitigation of risk in innovation.** Innovations are by definition risky: there is no guarantee of success, and there will almost certainly be failures before successful solutions can be identified, tested and applied. Identification of risks in innovation and formulation and implementation of mitigation measures were not strong aspects of the completed projects. Clear evidence of these elements was found in only 10 per cent of the projects – those in Bangladesh, Morocco and Rwanda, all of which were rated satisfactory in innovation performance. Failure to identify risk led to the failure of the innovation in Mongolia, Ethiopia and The Gambia. There was some improvement in the new design, but even so two thirds of projects did not adequately identify risks. Many of those that identified risks did not propose mitigation measures. One design that effectively addressed risk management was the Bangladesh National Agricultural Technology Programme, which explicitly identifies the risks of innovative market mechanisms. To ensure that small and marginal farmers are not exposed to unsustainable risks, potential participants will be risk-profiled: farmers will self-select through participation in interest groups on the basis of their judgment of risk exposure to provide the flexibility needed for vertical integration of different segments of the poor in the supply chain.

86. One of the reasons for the modest performance in this area is that the importance of risk factors in innovations is not sufficiently emphasized at the COSOP or policy level; there are no guidelines on addressing risk operationally. This lack of risk assessment and mitigation initiatives may result in negative impact on target groups. There is a requirement for project designs to comment on risks during internal design review, but the risks mentioned are generally related to external factors such as natural disasters or internal factors related to project management such as government commitment and receipt of counterpart funding. The risks of an innovative approach are rarely referred to, and even when they are the reference tends to be indirect.

87. **Use of grant financing for promoting innovations.** Grant financing is essential in the early stages of innovations for scouting and pilot testing where the risk element is high and loans are not the right instruments. Evidence relating to innovation grant financing was limited in the evaluated projects: only six projects in Albania, Bangladesh, Ethiopia, Ghana, Nigeria and Pakistan – 20 per cent – had clear evidence of linkages to technical assistance grants and grant funding to promote the earlier stages of innovations; all except one were rated by the evaluation as satisfactory in terms of innovation. Investing in earlier phase of testing for innovation has therefore a positive influence on the performance of the projects in terms of innovations. The grants were assigned to partners such as national research institutions, CGIAR centres, private-sector entities, governments and NGOs. The availability of grants from IFAD resources to finance innovation is essentially an IFAD policy issue, but evidence from the review suggests that other factors may also limit the availability of funds for grant financing for innovation and weaken linkages with loan-funded projects. For example: (i) a government may be hesitant to allow experimentation in projects financed by loans; (ii) national funds for pilot testing of innovations are limited; (iii) those benefiting from innovation grants may not have links to potential partners for scaling up; and (iv) most of IFAD's country-level partners are planners and implementers rather than innovators, and their roles understandably take precedence over innovation.

88. The new design exhibited the same features. Over time, the idea for innovation emerged mainly through the learning process of previous projects, and occasionally from partners. Grant-financed research and other pilot activities can be an important precursor to project design, but only 22 per cent of project designs mentioned prior grant funding. There was little mention of IMI grants as an input to

project design; only a few projects cited grant funding from other sources such as the pilot projects of NGOs or the United Nations Development Programme (UNDP). This implies that there is not a strong connection between grant activities and subsequent design, which obviously limits the scope of innovations.

89. The often short project design time and the projects financed by time-bound loans further complicate the establishment of links between grant-financed and loan-financed activities. Innovation takes time, but there is little differentiation in project design documents as to the expected timeframe for innovative processes. IFAD core documents imply that innovations must be time-bound according to the length of project implementation, yet this review found that: (i) for the innovation with the most widespread impact, pre-design grant-based explorations were crucial; and (ii) continuing project phases to develop different learning and implementation stages for innovation processes were a major feature.

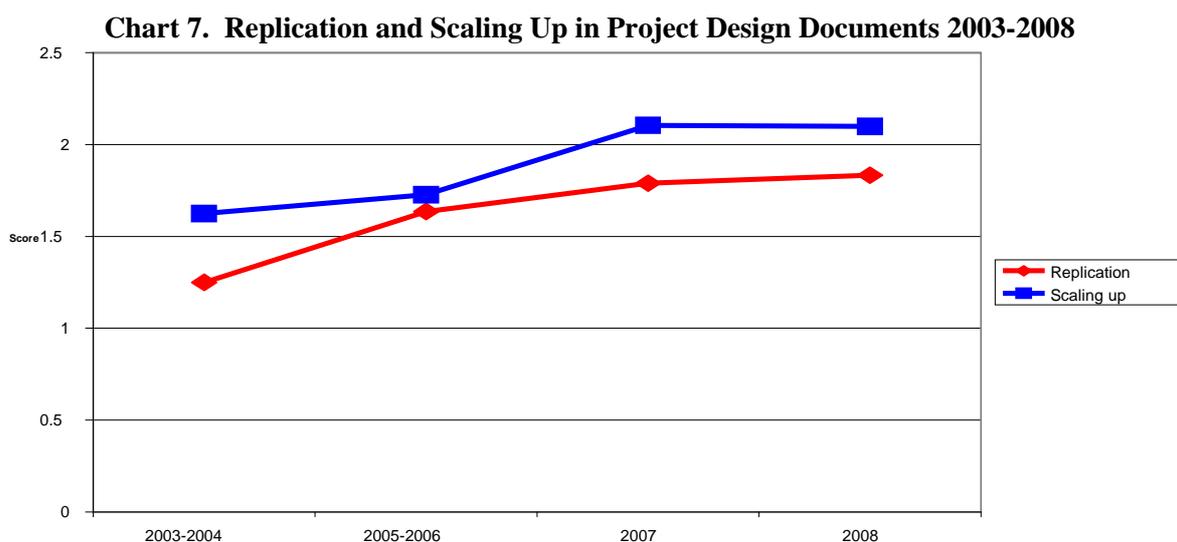
90. **Monitoring and evaluation to promote innovations.** Evidence of adequate M&E systems to follow up and assess the results of the innovations was partial in the closed projects and the new design. This is a reflection of the recognized weakness in M&E systems in development projects: only 7 per cent of the evaluated projects had strong evidence of an M&E system geared to innovation needs; the new design showed improved intentions, but 50 per cent of the projects reviewed did not adequately incorporate this aspect. The M&E system was effective in the closed projects when training and capacity-building for M&E staff were provided in the early stages of implementation. In some of these projects, the M&E system was used to provide feedback on the innovations and include additional practices that had not been part of the design such as participatory monitoring by beneficiary associations and other innovation stakeholders, as in Bangladesh and Brazil. When this was the case, adaptation was made easier and innovations had better chances of success.

91. A related concern is the lack of evidence that clear goals and indicators had been developed for the proposed innovation processes. The nature of innovation implies that its consequences cannot be clearly defined at the outset: the potential may be clear, but major modifications are required more often than not. For this reason, the evolution of the process needs to be tracked with a view to understanding the potential outcomes of an innovation. Tracking helps the innovators to understand results, make decisions as to next steps and generate learning that will help in replication and scaling up. Only 11 project designs – 16 per cent of the sample – defined a specific goal for testing innovations or stated how success would be measured. Few project designs included any reference to innovation in the monitoring framework. In most projects, innovation processes were embedded in project management or technical processes: although integration with project implementation is positive, lack of clear innovation objectives and monitoring processes may constrain the potential of innovative processes.

92. Limited evidence was found of appropriate innovation documentation and dissemination. Very few projects developed a systematic approach to documentation, analysis and dissemination of lessons learned during project implementation. In some, dissemination of lessons occurred informally through NGOs, cooperatives, government staff and local authorities and by word of mouth among beneficiaries, as in Brazil and Morocco. Evaluations reported that too little information was available on the achievements of innovation, replication and policy dialogue. Potential benefits were probably lost because of insufficient attention by governments and IFAD to sharing information or documenting and disseminating good practices. Some projects with technological innovations that could have easily been disseminated missed opportunities to share information on results, thereby losing benefits that could have accrued through wider adoption and replication. In other projects, good documentation on the results of research and demonstrations were produced, but this did not translate into clear messages for extension (IFAD, 2007a and 2008c). The new design improved on this aspect, but even so 40 per cent of the reviewed projects did not have an effective system for documenting lessons learned from innovations. It appears that greater attention has recently been given to systemizing successful innovative experiences through IFAD networks such as FIDAMERICA, FIDAFRIQUE and KARIANET and knowledge-sharing events.

93. **Scaling up successful innovations.** The final test of an innovation is whether it is replicated elsewhere and/or scaled up by a government, donors, partners or the poor themselves. This explains the use of the term “replicable innovation” in early strategic and policy documents rather than just “innovation”. Scaling up successful innovations is one of the weakest aspects of IFAD’s promotion of innovation: only 13 per cent of the projects reviewed showed clear evidence of scaling up; none promoted strategic partnerships for the purpose of scaling up successful innovations. Supervision and implementation support had marginal roles in promoting replication and scaling up. But this was before 2007, when IFAD started direct supervision of projects: currently, more attention is devoted to promoting innovation and to scaling up. There were attempts to disseminate innovations at the country level, but it was mainly done in an unsystematic manner. Most of the projects reviewed were not designed and implemented with the purpose of promoting replication and scaling up of successful innovations, nor were partners selected or resources and activities mobilized for this objective. Those that succeeded in scaling up did so by appropriating the innovative practices of major partners such as IFIs or governments.

94. As mentioned above, recent project designs devoted more attention to scaling up (see Chart 7), but even so there is less evidence than might be desired (see Table 2). Fewer than a quarter of the projects reviewed articulated a process for scaling up; a slightly higher percentage intended to cultivate strategic partnerships for scaling up; only a fifth indicated in their design that IFAD technical capabilities and resources would be applied to support scaling up.



95. There appeared to be a tendency referred to as “replication and scaling up” as a composite concept during 2002–2006, but under the influence of the 2005 IFAD Action Plan there has been less discussion in recent strategic and project documents on replication and greater focus on scaling up. This is reflected in the scores for replication and scaling up in project design in Chart 7. There was a spike in attention to scaling up rather than replication in design documents between 2006 and 2008, following the reverse trend in the preceding period.

96. As mentioned in paragraph 21, replication gives an indication of the robustness of an innovation in different contexts and with different users. It can be seen as an interim step in the scaling up process, and it provides insights into enabling factors for scaling up such as whether replication occurs naturally or whether particular forms of training and promotion are required. The many adoptions or adaptations of innovations or best practices in different contexts in IFAD-supported interventions are no doubt a manifestation of a replication experience, but so far they have not been recognized as such in IFAD. More assessment of causal links between the replication and scaling up processes is needed to enable IFAD to be clearer about the requirements for the processes

in project design and implementation and in terms of potential links. Further discussion on scaling up can be found in Chapter VII.

Key points

- ❖ The performance of IFAD-funded projects in promoting innovations has steadily improved overtime: this is corroborated by the three-year moving averages of all projects evaluated by IEO since 2002. However, performance in scaling up has not been good.
- ❖ There was clear evidence of increasing alignment of recent COSOPs with the strategic intention to promote innovations. The evaluation found that the Guidelines for COSOPs approved in December 2006 contributed considerably towards greater emphasis on innovation in new COSOPs.
- ❖ Majority of the projects in the past were strong in adopting innovative practices in a new context. The same applies to the ongoing operations, although there is a wider degree of adaptation and the creation of new innovations has also increased.
- ❖ There is a reduction of innovations in agriculture technology, as compared to the past. Institutional innovations are most prominent in IFAD-funded projects, followed by innovations in partnerships, policy, technology and gender.
- ❖ Innovations in rural finance and rural micro-enterprise development were on the whole successful, whereas less than half of the concerned projects were moderately satisfactory or better in promoting agriculture technology innovations.
- ❖ The review of evaluated projects and new project designs showed that IFAD had four prominent strengths and six areas needing attention in promoting innovations.

IV. PROGRESS IN IFAD’S ORGANIZATIONAL CAPABILITIES IN PROMOTING INNOVATION

97. The assessment in this chapter relates to building block (iv), which is to evaluate the progress in the Fund’s organizational capabilities to promote innovations. In particular, the evaluation included repeating an organizational capability survey, which was also conducted in the first evaluation of innovation in 2000-2001. The same survey was undertaken in the 2009 innovation evaluation, with two additional sections, one on the IMI and one on the IFAD innovation strategy.

98. The purpose of the survey was to assess whether progress has been made at the organizational level to develop an environment that allows innovations to be promoted and scaled up within IFAD. Three methods of investigation were used: (i) an innovation survey which provided quantitative data; (ii) a qualitative analysis of 14 bilateral interviews and 2 focus groups with a cross section of IFAD’s staff which explored organizational issues in depth; and (iii) a review of IFAD’s documentation to assess whether there was evidence that state-of-the-art innovation promotion techniques were being used in the organization.

A. The Innovation Survey

99. The aim of the survey was to answer the broad question “Does the way that we function help or hinder innovation?” The survey used for this evaluation compare IFAD with a reference model derived from an analysis of the common features of 106 innovative organizations, including some non-profit³⁰ organizations.

100. As mentioned above, this survey has been completed twice by IFAD. It is therefore possible to discern the areas in which progress has been made. The model, developed by the Centre for Research in Innovation Management at the University of Brighton in the UK, has three levels of enquiry: the

³⁰ No comparable research-based innovation survey exclusively for non-profit organizations is available.

highest consists of six domains; the intermediate level has 18 components and the third level includes 56 elements that provide the richest picture of the shared characteristics of innovative organizations because they disaggregate the broader constructs. The research that underpinned the model showed that if one or more of the components or elements were weakly developed, it prevented the realization of the full potential of the organization.

101. The six domains are as follows:

Direction or Leadership examines (i) the extent to which senior leaders promote innovation, (ii) whether innovation is a key element in strategic plans and (iii) the willingness of management to revise the organization's business model and move away from old ways of doing things.

Competency examines (i) the degree to which the organization employs and encourages creative individuals, (ii) the extent to which new initiatives are adequately resourced and (iii) the capacity to execute innovation initiatives.

Culture examines (i) the degree to which able people are empowered, (ii) whether there is an expectation that innovation will be "part of the job" and (iii) whether there is general support across the organization for new ventures.

Learning examines (i) the extent to which the organization facilitates outward-looking learning, (ii) whether outside sources of innovation are tapped and (iii) whether multiple perspectives on problems, opportunities and solutions are sought.

Structure and process examines (i) the extent to which the organization is agile, (ii) the degree to which support is provided for those who champion new ideas and (iii) whether there are effective disciplines for managing multiple innovation initiatives.

Decision-making examines (i) the extent to which the organization has adopted progressive change philosophies that align innovative initiatives, (ii) whether decision-making is rapid and bold but prudent, and (iii) whether commitment by managers to support innovation initiatives is sustained over time.

102. Because the domains and components are interdependent, the model can be understood most easily as a wheel diagram. The six domains may be seen at the centre of the wheel, whereas the eighteen components are visible towards the outer circular border of the wheel.



Nigeria: Girls sell cassava flour at roadside market

IFAD Photo by Piero Tartagni

Figure 1. Model for Assessing Organizational Innovations Capabilities



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103. This model was used to devise the innovation survey. The 2001 and 2009 surveys were completed only by PMD staff as the front line of the organization. Thirty-nine staff and consultants responded to the survey in 2009, as compared to 40 in 2001. The samples were broadly comparable, as shown in Table 3.

Table 3. Innovation Survey Sample

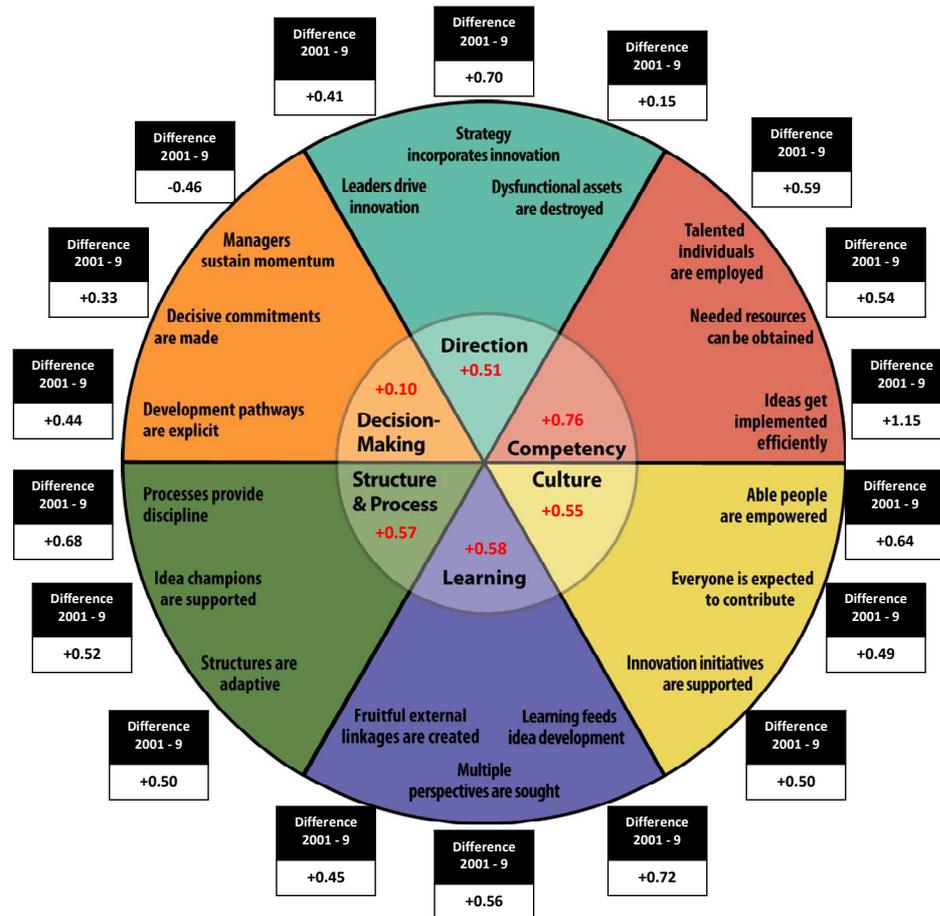
Level	2001 number	2001 %	2009 number	2009 %
Senior manager	1	2.5	1	2.6
D1 or D2	4	10.0	1	2.6
P1 to P3	9	22.5	8	20.5
P4 to P5	26	65.0	25	64.1
Long-term Headquarters consultants	0	0.0	4	10.3

104. It is important to note that the sample of respondents who completed the survey is not statistically representative of the whole of IFAD, but only PMD. Results must be interpreted accordingly. Two new sections were added to the survey to investigate the perceptions of IMI and the innovation strategy; these were analysed separately and are reported in chapters V and VI.

B. Findings of the Survey

105. Respondents' answers to the standard 56 questions³¹ in the innovation survey, which correspond to the model's 56 elements, were analysed by aggregating them into the relevant components and then aggregating more into the six domains. The differences between the 2001 and 2009 scores were calculated for the domains and the components and are shown in Figure 2.

Figure 2. Results of IFAD Organizational Innovations Capabilities Survey (2001–2009)



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106. The results show that every domain received higher scores in 2009 than in 2001. The greatest improvement was in competency, which suggests that IFAD has increased its ability to “make innovation happen”. The lowest improvement was in decision-making, among other issues, implying that decisions are not always taken about launching a new idea or initiative after careful consideration or managers do not proactively deal with blockages that constrain changes. When the data are considered at the component level, the picture becomes clearer: the 2009 scores are higher for 17 of the 18 components when compared with the 2001 scores; it is only for “managers sustain momentum” that the difference is negative – but this may be the result of improvements elsewhere, which suggests that the intervention of senior managers is needed less often to drive initiatives forward.

107. Table 4 shows the detailed scores for each of the eighteen components.

³¹ Each question could be answered on a six point scale where 1 means agree to a little or no extent, 2 means agree to a slight extent, 3 means agree to a moderate extent, 4 means agree to a great extent, 5 means agree to a very great extent, and 6 means agree totally.

Table 4. Scores for the Eighteen Components to Assess IFAD's Organizational Capabilities to Promote Innovations

Component	2001	2009	High/low
Leaders drive innovation	2.4	2.81	
Strategy incorporates innovation	2.04	2.73	L
Dysfunctional assets are destroyed	2.78	2.93	
Talented people are employed	2.48	3.07	H
Needed resources can be obtained	2.32	2.86	
Ideas are implemented efficiently	2.03	3.17	H
Able people are empowered	2.65	3.29	H
Everyone is expected to contribute	2.24	2.73	L
Innovation initiatives are supported	2.41	2.91	
Learning feeds idea development	2.05	2.77	L
Multiple perspectives are sought	2.44	3.01	H
Fruitful external linkages are created	2.78	3.22	
Structures are adaptive	2.32	2.81	
Idea champions are supported	2.42	2.94	
Processes provide discipline	2.68	3.36	H
Development pathways are explicit	2.59	3.03	H
Decisive commitments are made	2.43	2.75	L
Management sustains momentum	2.98	2.52	L

108. Scores of 3 or more are high and shown with an H; those below 2.8 are low and shown with an L. IFAD can be seen as doing better in employing and empowering talented people, selecting development pathways,³² and being open to multiple perspectives. It is less strong in incorporating innovation into strategic plans, involving everyone in supporting innovative initiatives, using learning to drive innovation forward, making decisive commitments³³ and sustaining momentum.

109. While almost all of the differences show improvements, it is of concern that the level of all scores is low with no score reaching 3.5 or more on the 6 point scale, where 6 is the highest score. In fact, IFAD was in the lowest quartile of the 43 organizations surveyed with the same questionnaire in 2001 and it remains in this group in 2009, though its ranking has improved by five places from the 41st to the 36th position.³⁴ It is of concern that the average score for the entire sample is 3.36 (i.e. taking the 43 organizations), but in 2009 using the same calculation, IFAD's score was 2.91. As a comparison, it may be useful to underline that the top ten ranked organizations had an average score of 3.80 or more. According to this model, a score of 3.50 or more may be viewed as a relatively high scoring innovative organization. Out of the 43 organizations surveyed, 17 organizations had an average overall score of 3.50 or more. Organizations with weak innovation capabilities have a score of 3.00 or less, and there were 10 such organizations in the sample including IFAD. However, it would be wrong to place too much emphasis on these comparisons because the other organizations surveyed were not directly comparable and did not have to maintain the standards of probity required of an IFI.

³² This includes studying new ideas and techniques that have been developed by others to see whether they should be adopted by IFAD.

³³ This would include, for example, that IFAD's knowledge and information management systems enable effective decisions to be made about which innovation should be selected for scaling up.

³⁴ The overall score of each organization is calculated as average of all scores for the 56 elements in the survey questionnaire.

110. To gain a better insight into the relationship between the scores in the 2001 and 2009 surveys, statistical tests of significance were conducted at the level of the six domains and 18 components. Two of the domains showed a statistically significant improvement: “competency” and “structure and process”. In the competency domain: (i) a significant improvement was shown for the component “innovation initiatives are supported”; (ii) a less significant improvement was shown for “talented people are employed”; and (iii) no significant difference was shown for “needed resources can be obtained”. In the “structure and process” domain, no significant difference was shown for “structures are adaptive” and “processes provide discipline”, but a significant improvement was shown for “idea champions are supported”.

111. Two domains showed an improvement, but not at the level required to be statistically significant: these were “culture” and “learning”. In the “culture” domain, a significant improvement was shown for the components “able people are empowered” and “innovation initiatives are supported”. A significant improvement was shown for “everyone is expected to contribute”. In the “learning” domain, a significant improvement was shown for “multiple perspectives are sought”; no significant difference was shown for “fruitful external linkages are created”.

112. The domains that displayed no statistically significant difference between 2001 and 2009 were “leadership” and “decision-making”. In the “leadership” domain, however, a significant improvement was shown for the component “strategy incorporates innovation”. No significant difference was shown for “leaders drive innovation” and “dysfunctional assets are destroyed”. In the “decision-making” domain, no significant difference was shown for the components “development pathways are explicit”, “decisive commitments are made” or “managers sustain momentum”.

113. The pattern that emerges is one in which improvements have taken place, but from a low base. Most of the improvements relate to operational performance, not how leadership and decision-making are practiced. From an innovation perspective, IFAD has become more efficient and more open, but not better directed (e.g. one of the lowest scoring elements is that IFAD’s innovation strategy does not direct people efforts as to where new ideas are needed). This finding becomes clearer when the most detailed level of analysis is undertaken, that is reviewing the findings on the 56 elements of the reference model (see next section).

C. Changes in IFAD’s Innovation Capabilities

114. One way to understand the changes from 2001 to 2009 is to move to the deepest level of analysis and examine which of the 56 elements scored significantly higher or lower in 2009 as compared with 2001. As it happens, nine of the elements in 2009 had climbed by 25 per cent or more in both the climber and the faller categories (see Table 5).

Table 5. What has changed in IFAD’s Innovation Capabilities between 2001 and 2009?

Elements in 2009 that had climbed by 25% or more	Elements in 2009 that had fallen by 25% or more
People in IFAD have all the skills needed to contribute to high-performing teams.	IFAD managers are tough in dealing with anything that blocks change.
Programmes of work are well managed in IFAD – i.e. execution is highly effective.	We implement the principle that many small ideas taken together are a good way to help IFAD to develop.
People who drive through changes and overcome difficulties are highly respected in IFAD.	IFAD’s strategic emphasis on innovation has caused me to change my priorities as to what is important in my job.
Once agreed, new ideas are rapidly implemented across IFAD.	Managers in IFAD frequently ask for ideas from more junior members of staff.
Advisers from outside of IFAD are invited to question how we do things.	In IFAD, people with good ideas can get the resources needed to implement their proposals.
People in IFAD are clear as to how they can focus their efforts to help to implement the strategic commitment to promoting innovation.	The voice of the rural poor is clearly heard in the development of new initiatives.

Table 5 (continued). What has changed in IFAD's Innovation Capabilities between 2001 and 2009?

Top management in IFAD take a direct interest in innovative initiatives.	IFAD can take an idea and quickly turn it into something that can bring substantial benefits to the rural poor.
IFAD searches for highly creative people for key roles in IFAD itself and in project-delivery teams.	Managers systematically collect suggestions that could improve IFAD's ability to promote new ideas for poverty alleviation from everyone who can contribute.
In IFAD, people frequently get together to discuss new ideas.	Decisions about launching a new idea or initiative are only taken after careful consideration.

115. The elements that climbed in the rankings indicate that IFAD has improved in its ability to implement, both in the use of facilitative social processes such as teamwork and in programme and project planning. With regard to the latter, important progress has been made in quality enhancement and quality assurance processes, which have contributed to focusing management and staff attention on innovation.³⁵ The self-evaluation system of IFAD also treats innovation with attention. It is also significant that members of the top management group take a greater direct interest in innovation, suggesting that top leadership involvement has increased. Several of the falling elements relate to management practice (that appears to have become less consultative regarding new ideas). Also, there are difficulties related to the availability of resources, a lack of speed in taking new ideas through the system and, importantly, a suggestion that IFAD is insufficiently open to ideas from a wide diversity of sources, including the rural poor themselves. The picture becomes clearer when the 15 highest and 15 lowest-scoring elements are reviewed, as in Table 6.

Table 6. Highest and Lowest-Scoring Fifty-Six Elements to Assess IFAD's Organizational Capabilities to Promote Innovation

15 Highest-Scoring Elements	Mean 2009
Those who develop new initiatives are creative and well-motivated individuals	3.89
We have frequent contacts with people from outside IFAD - for example, other agencies, pro-poor organizations, universities, consultants, etc.	3.55
Strong co-operation between teams helps new ideas to be implemented effectively	3.47
Individuals within IFAD or working on IFAD projects are encouraged to take initiatives themselves - providing they operate within guidelines	3.45
Programmes of work are well managed in IFAD (i.e. execution is highly effective)	3.39
A great deal of time is spent exploring how IFAD needs to change in the future	3.34
People in IFAD share a deep understanding of the Fund's chosen pathways to help the rural poor achieve social and economic development	3.31
I can talk openly to all managers in IFAD about opportunities for doing new things, no matter if my ideas are 'outside the box'	3.29
Advisers from outside of IFAD are invited to question how we do things	3.29
There is a 'can-do' spirit in IFAD (people feel able to get things done)	3.24
IFAD has many talented people who are actively promoting new ideas	3.18
People in IFAD are encouraged to be self confident (i.e. act on what they believe is the right thing to do)	3.17
People who drive through changes and overcome difficulties are highly respected within IFAD	3.17

³⁵ For example, innovation is one criteria included in the Maturity Assessment Template for overall design of new COSOPs and project design – see IFAD President's Bulletin dated 15 July 2008 on Guidelines for COSOP Quality Enhancement and Quality Assurance.

Table 6 (continued). Highest and Lowest-Scoring Fifty-Six Elements to Assess IFAD’s Organizational Capabilities to Promote Innovation

People with up-to-date knowledge and skills are valued highly in IFAD	3.16
People in IFAD have all the skills needed to contribute to high-performing teams	3.13
15 Lowest-Scoring Elements	Mean 2009
In IFAD, people with good ideas can get the resources needed to implement their proposals.	2.66
In IFAD, members of staff are appraised and assessed with regard to whether they implement new ideas successfully.	2.63
All managers inspire and encourage those working in and for IFAD to be creative.	2.63
Recently there has been a comprehensive review of the degree to which IFAD makes best use of new social and science-based technologies, for example in community development, agricultural technologies, electronic communication methods and rural development approaches.	2.61
Managers in IFAD frequently ask for ideas from more junior members of staff.	2.57
Effective planning takes place before changes are introduced so that new ideas can be implemented effectively.	2.53
Managers systematically collect suggestions that could improve IFAD’s ability to promote new ideas for poverty alleviation from everyone who can contribute.	2.53
IFAD’s Innovation Strategy directs people’s work to areas where new ideas are needed.	2.53
IFAD implements the principle that many small ideas taken together are a good way to help it to develop.	2.51
In IFAD a great deal of time is invested in developing people’s knowledge and skills so that everyone is fully up-to-date.	2.46
IFAD’s knowledge and information management systems enable effective decisions to be made about which innovations should be selected for scaling up or replication.	2.42
IFAD’s Innovation Strategy has caused me to change my priorities as to what is important in my job.	2.35
The way that IFAD’s organizational structure has been designed helps rather than hinders the discovery and implementation of new ideas.	2.33
IFAD’s managers are tough in dealing with anything that blocks change.	2.32
When something new needs to be done, people in IFAD can have all the training they need to get them up to speed quickly.	2.24

116. The list of 15 lowest scoring elements is revealing. It shows that two of the bottom five items relate to the lack of outward-looking training that could help those who champion innovation to find, select and implement new ideas. The second lowest item relates to the extent to which managers remove blockages that can hinder the progress of innovative initiatives. There are concerns about IFAD’s organizational structure and, interestingly, the fourth item from the bottom suggests that IFAD’s Innovation Strategy, published in 2007, has had little or no effect on behaviour.

D. The Innovation Journey

117. As mentioned earlier, IFAD is seeking to develop innovation as a dynamic organizational capability. Two additional questions were included in the 2009 innovations survey to provide additional insight as to the extent to which this has been achieved: these relate to the Innovation Journey Model, a framework that was not available in 2001 at the time of the first evaluation on the topic. The integrated model is shown in Figure 3.

Figure 3. Innovation Journey Model



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118. At the base of the diagram is “innovation capability” of an organization (which was measured by the innovation survey described above). Specialized tools and methods provide the capacity to manage many types of innovation journeys, each of which can be considered a discrete initiative. Innovation journeys are aligned with the strategic intent of the organization, indicated by the arrow on the left, and create new value or benefits, indicated by the arrow on the right. Successful innovation journeys grasp opportunities and create new value, but because it is not possible to exploit every opportunity an organization needs to be selective and set its own innovation agenda to harmonize separate innovation initiatives.

119. The five phases are shown in sequence on the diagram for ease of explanation. In reality, they occur much less systematically, but that is the true nature of the innovation task. The five phases are:

Searching (or scouting). In this phase, the organization looks for new and different ideas. Many ideas are created or found, and opportunities are mapped in line with the organization’s strategic goals. At the end of the phase, opportunities will have been defined, there will be many ideas and those beginning the innovation journey will be aligned, challenged and inspired.

Exploring. Facilitating the systematic exploration of the upsides and downsides of new ideas is part of the exploring phase. Ideas and opportunities are organized, debated and analysed in depth. Ideas are tested to demonstrate that they are practical and to ensure as far as possible that potential customers want the proposed innovation. Experimentation and filtering narrow the field so that exploration can be directed to where it is most likely to deliver an attractive return on investment.

Committing. The emphasis moves from “What could we do?” to “What should we do?” The focus is on what to do, what not to do and getting the right people and financial resources

committed to support the initiative. Defining the resources and new capabilities that will be required is crucial.

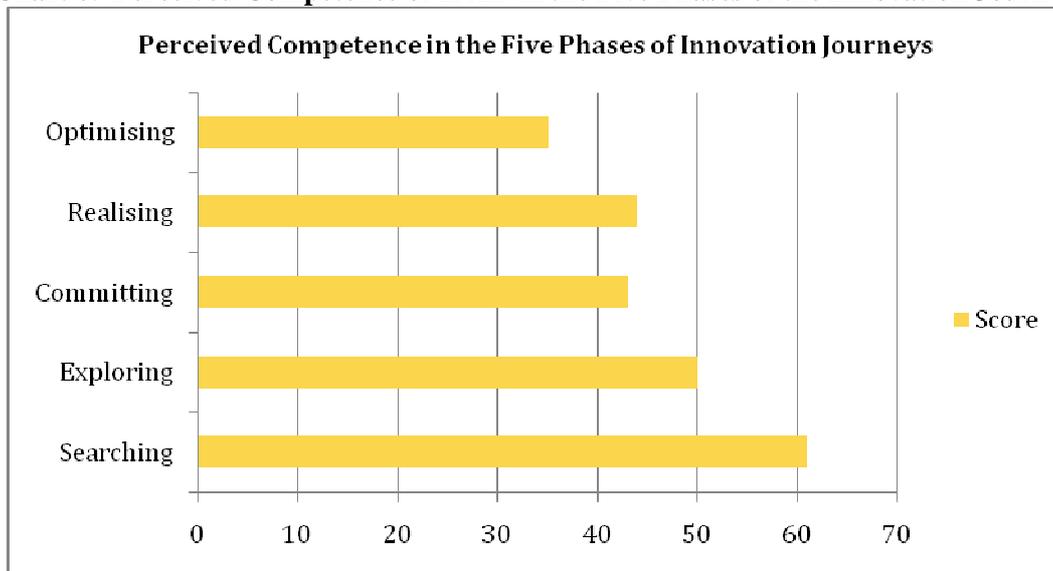
Realizing. The emphasis moves to execution (piloting) – from “what” to “how”. The focus is on achieving goals. This requires the organization to build high-performing teams, carry out frequent project reviews, manage boundaries and deal with outside forces that can mislead or block progress.

Optimizing (or scaling up). The emphasis is on maximizing benefits – that is, increasing the degree to which an idea is exploited fully, for example by scaling up. Optimization is central to the concept of innovation: without it, the process is not worthwhile.

120. An important aspect of the journey is to define an innovation agenda (during the exploring and committing phases). An innovation agenda is essential to focus an organization’s limited resources on selected innovation priority areas or domains that are driven by the organization’s mandate, comparative advantage, specialization and track record.

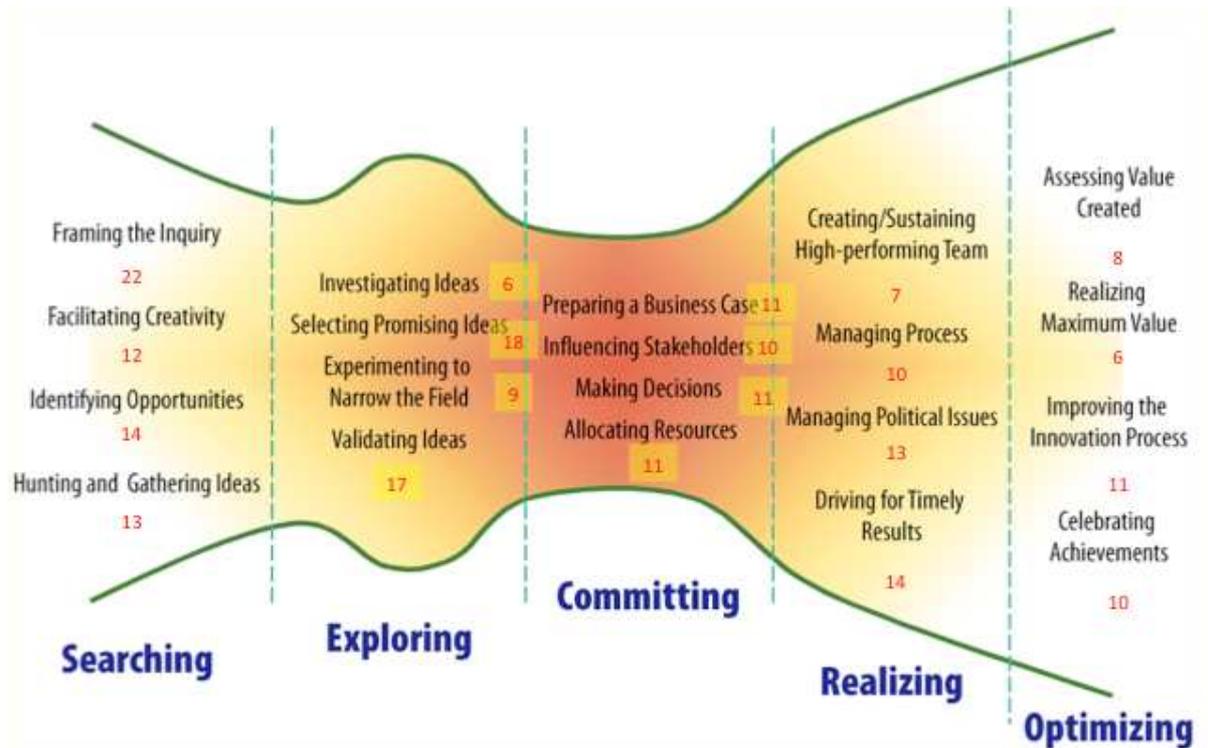
121. The questions related to the innovation journey in the survey have been analysed at the level of these five phases. The pattern of answers is shown in Chart 8.

Chart 8. Perceived Competence of IFAD in the Five Phases of the Innovation Journey



122. The scores indicate the numbers of times that the 39 respondents’ answers indicate the relevant behaviours for each phase of the journey. The results reveal that staff perceive IFAD to be stronger in searching, exploring and realizing than committing and optimizing (scaling up). The scores for the 20 activities that are needed for successful innovation journeys are shown in Figure 4.

Figure 4. Scores for 20 Activities Required for a Successful Innovation Journey



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123. It can be concluded that the lowest-scoring activities in this diagram are likely to be development areas for IFAD. These findings are provisional, however, in that they were based on a small sample of respondents. A training-needs analysis, which was outside the scope of this evaluation, would be needed to validate this finding.

124. The five skills are major aspects of innovation management. Staff who are agents of innovation need to use state-of-the-art tools and processes to: (i) explore the advantages and disadvantages of new ideas; (ii) design experiments; (iii) provide rapid learning; (iv) build adaptable, high-performing teams; (v) evaluate the costs and benefits of innovative initiatives; and (vi) exploit the advantages of successful initiatives so that more people benefit. It is a matter of concern that input into these topics has not been part of IFAD’s formal learning agenda, though some individual staff found their own answers to the requirements.

E. Qualitative Analysis

125. The qualitative data were collected by interview and focus group. Twenty-one staff took part in two focus group discussions and interviews on IFAD’s innovation capabilities, leading to various interesting findings. All but one of the interviews were recorded and transcribed. The analysis used a computer-assisted grounded-theory method.

126. The qualitative information made two substantial contributions to the evaluation: (i) it provided greater depth of insight into the pattern of scores from the innovation survey; and (ii) it demonstrated the importance of agency – how individuals act as agents of innovation by showing entrepreneurship and dedication. The agency level of analysis is important, because innovation is at least in part a social process that cannot be fully systematized: it is not just that people are important – they are vital

if innovation is to take place. Organizations need people in innovation-intensive roles to be proactive, to take initiatives, to win support and to persist despite setbacks.

127. At the agency level, the analysis of data from focus groups and interviews presented the evaluators with a paradox: all the interviewees and the members of focus groups offered positive examples of innovative initiatives and expressed the view that innovation was important, indeed vital, to their work and for IFAD as a principle of engagement for reducing rural poverty. Indeed, two CPMs used the same phrase: “If we don’t innovate then we, as IFAD, have nothing to offer.”

128. The qualitative data therefore presented a picture that was different from the one derived from the survey. It seemed that many individuals or agents, especially those who worked on designing or delivering projects, operated as social entrepreneurs and showed substantial dedication to making innovation part of their work. Detailed analysis of the data showed that IFAD had succeeded in conveying the message that innovation was important, expected and relevant to development community. However, the Fund has not succeeded in indicating what this meant in practice or how to go about promoting innovations and their scaling up. Those who contributed to the qualitative analysis filled in the gap themselves, at least in part.

129. There are indications of a potential for conflict between the quest to innovate and the numerous additional tasks (e.g., direct supervision and implementation, policy dialogue, knowledge management, self-evaluation, etc) that CPMs are required to discharge. This is illustrated by the following comment from a CPM: “You want innovation, you want creativity, you want country programme management teams, you want an inclusive private sector, civil society. You want me to be as good with a loan agreement as a lawyer would be ... you want me to do supervision, you want me to play the policeman, you want me to be the implementer and supporter and a creator. What do you really want?” Perhaps the most telling point was the use of “you” rather than “we” to refer to IFAD.

130. Another informant provided evidence of other negative stereotypes, i.e. the limited opportunity for sharing of knowledge across CPMs as the following quotation shows: “I think all of the CPMs tend to work in parallel lines and do not learn from each other... There’s a very strong culture of, firstly, ‘it’s my country, and I know best for my country’, and secondly, ‘I’m too busy to be wasting my time learning’. It’s a very self-defeating culture and one that is about the importance of the CPMs, who are the praetorian guard of IFAD”. This is critical: if the view is held widely, it will inevitably be a barrier to cooperation.

131. These quotations, although selective, help us to understand why IFAD’s scores on the Innovation Survey were consistently low. To be successful, innovation requires greater cross-boundary cooperation than routine activities, and a willingness to take risks. Any tensions between those who seek to standardize and the agents of innovation will inhibit communication and collaboration. It is important not to over-emphasise the extent of such conflict, however, because there are many examples of cooperation and mutual support across “the divide”. IFAD has many intelligent and able professional members of staff who have come to terms with what was described as “the reality”; but innovation appears to occur in IFAD because committed individuals take initiatives and succeed with at least some of them.

132. Although principles favouring innovation are clearly articulated in IFAD, there is no corresponding understanding as to how those who are expected to manage innovation – the agents – should operate. This is illustrated by the following quotation: “... there’s no sort of methodology for innovation, which is articulated in a paper or that we are encouraged to follow. It’s more a sort of theory ... looking at innovation and the cycle: starting with the scoping, identification, research and development, validation, communication and ending with scaling up replication. We know about that and as CPMs we’re just told... be innovative!”

133. The picture that emerged from the qualitative analysis is complex. The principal way in which innovation takes place in IFAD is through multiple processes of improvisation that have been

legitimized by policy documents such as the Fund’s Innovation Strategy. However, IFAD’s formal organization has not been designed to support multiple improvisations, and the lack of clear strategic intent means that there is a lack of alignment between initiatives. Those who have the role of standardizing practices have not been sufficiently active in helping IFAD staff to develop the mind-sets and skill-sets as well as providing the required incentives. Sometimes, scholars of innovation studies use the analogy of a jazz band to describe the reality of innovation: if this analogy is used to describe IFAD, then the musical genre is explicit but the musicians improvise, with varying levels of skill, according to their own perception of the tune. So, there is plenty of jazz, but it is difficult to discern the tune being played!

134. The analysis of quantitative and qualitative data provided a deep insight into IFAD’s progress in acquiring the capabilities needed to promote innovation. The findings of the innovation survey show that IFAD’s formal organization was not designed to support innovation, although progress in managing implementation has been beneficial. The findings of the innovation journey analysis identify areas of strength and weakness; parallel to this, but less obvious, there are many professionals – and not only those in project-oriented roles – who have taken advantage of significant degrees of freedom and acted as agents of innovation with passion and commitment. IFAD’s policy that innovation should be infused into practice whenever and wherever possible has not been supported by the development of relevant skills among innovation agents, and there are weaknesses in the ways in which innovation is managed. The situation is far from bleak, however: there is a high degree of buy-in to the principle that innovation is important: this can be built on if an innovation-oriented organizational development programme is undertaken. One instrument that was intended to achieve this aim was the Innovation Strategy, which will be considered in detail in chapter VI.

Key points

- ❖ The 2009 survey, which is a repeat of the one done in 2001, reveals improvements in IFAD’s organizational capabilities to promote innovations, although from a very low base. IFAD is however still in the lowest quartile of 43 organizations that have undergone the same survey.
- ❖ The survey provides evidence of IFAD’s strengths in various stages of the Innovation Journey, from scouting to piloting, validating and scaling up. Results indicate that staff perceive IFAD to be strong in searching or scouting for innovation but weak in scaling up.
- ❖ Innovation appears to take place in practice largely through individual initiatives rather than in a systemic manner. There are improvements in operational processes, but the human resources skills and incentives are not in place to promote innovation.
- ❖ The 2007 innovation strategy has had little effect on behaviour.
- ❖ The survey reveals that managers are not tough in dealing with blockages that may hamper change and that opportunities for training are limited. IFAD’s knowledge and information systems are not strong in enabling effective decisions about which innovations should be selected for scaling up.

V. ASSESSMENT OF THE INITIATIVE FOR MAINSTREAMING INNOVATION IN IFAD

135. **Methods.** The IMI evaluation (the fifth building block of the evaluation) was guided by the IEO evaluation manual. The assessments were made based on four main sources of information: (i) available documentation within IMI; (ii) a review of completed or almost completed IMI grants; (iii) interviews with key informants associated with IMI; and (iv) the Innovation Capability Survey of IFAD staff that was carried out as part of the overall evaluation (see chapter IV).

136. **Background.** The IMI was designed in response to IFAD’s increasing strategic focus on innovation, particularly in response to the first innovation evaluation of 2000–2001. This evaluation raised concerns about the low level of systemization of innovation across IFAD operations. IMI was an attempt to address directly the recommendations arising from these findings. It was funded by a US\$10 million supplementary contribution from the United Kingdom Department of International

Development (DFID). The funds were intended to be a contribution to a multi-donor trust fund on innovations, but no other donors subscribed.

137. **IMI design.** The goal of IMI was to “... enhance IFAD’s capacity to promote innovations that will have a positive impact on rural poverty.” The strategic intent was to move IFAD from a tactical approach to innovation to a more strategic and systematic approach that mainstreamed innovation into IFAD operations. The IMI programme was designed to have two phases: a pilot phase, which started in 2003, and a main phase that was to run from 2005 to 2007. The preparatory phase was to identify IFAD’s most promising innovations, concepts and experiences and start to prepare them for further implementation or dissemination. Eight pilot activities related to developing innovation capacity in IFAD were initiated. The lessons learned from the pilots helped to shape the Operational Framework for the main phase of IMI, which was approved by the Executive Board in December 2004.

138. **IMI objectives.** The objectives of the IMI programme were to: (i) strengthen innovation in IFAD operations; (ii) increase learning and the sharing of innovations; and (iii) change organizational culture and practices to support innovation. The design included three components corresponding to the expected outcomes. Building partnerships for innovation was an operating principle for implementing all three components. The Operational Framework proposed an extensive list of activities for each component and included a matrix summarizing indicative activities for each component.³⁶

139. **Component 1. Strengthening innovation in IFAD operations.** The role of IMI in this component was to strengthen the pipeline of innovations, generate new partnerships and tools, and enhance innovative learning-based design and implementation in the project cycle. This was to be achieved by identifying and promoting innovation for the rural poor in and through country and regional programmes and through policy and strategic input at the corporate level. The main instrument used was the Competitive Innovations Grant Scheme, which builds on the IMI pilot activities and provides funds for innovative ideas that contribute to the IMI objectives. Other activities included partnership-building with several organizations and inputs into strategic processes at the corporate level; these were financed by targeted budget allocations.

140. **Component 2. Increasing learning and the sharing of innovations.** IMI was designed to develop a more structured and effective process of learning about innovation, involving a range of partners. This was central to increasing IFAD’s capacity to promote innovation for the rural poor. The learning was also aimed at developing IFAD’s strategic areas of innovation to generate expertise for promoting innovation in rural poverty reduction. Internally, IMI was tasked to provide IFAD staff with opportunities for field-level learning, training and dialogue on innovations. The activities supported in this component consisted of training courses and workshops.

141. **Component 3. Changing organizational culture and practices.** This component aimed to test and evaluate strategies for organizational innovation such as finding new ways of working in IFAD and motivating staff to become more innovative in practice. The activities were generally not separate processes but supporting activities to other components such as staff training, testing new working arrangements and providing incentives for innovative practices.

142. **Programme management.** IMI is managed by a small secretariat – the IMI management team – funded from IFAD’s regular budget and located in the then External Affairs Department (EAD) of IFAD. Among other activities, the management team operated the Competitive Grants Scheme with guidance from a screening committee chaired by the Acting Director of the Policy Division and the

³⁶ The description of proposed activities for the IMI in the main text of the Operational Framework does not clearly correspond to the indicative activities stated in the summary table in the Operational Framework, page 4. This has resulted in lack of clarity in implementation and is discussed further in relation to the relevance and effectiveness of the IMI.

Director of the Technical Advisory Division. IMI funding was designed to be available for use by Headquarters and field staff: this was a major distinguishing feature from the IFAD Grant Policy that did not allow funds to be allocated for use by IFAD itself. All IMI activities were to be linked to the IFAD's loans and grants projects.

143. **Design changes.** There were no major changes to IMI design during implementation, but there were changes of direction. A draft IMI implementation strategy was produced in 2006 that incorporated the findings of a DFID review: it proposed a change in the direction of implementation, focusing on: (i) scouting for innovation; (ii) creative problem solving; and (iii) communicating for replicating and scaling up innovation. The draft did not explain why these three aspects were prioritised or why other design activities had been scaled back. It was presented to the IFAD Programme Department Management Team in December 2006. Several revisions were requested, but there is no record of management approval for a final document or acceptance by senior management of the new emphasis. Programme implementation clearly changed in response to the draft strategy, because the three focus areas were given prominence in the 2007 and 2008 Annual Reports. Other changes in design included: (i) redundancy of several activities proposed in the Operational Framework, which were taken over by other IFAD programmes; and (ii) changes to the selection criteria and weighting for grants, which changed the basis on which grants were selected for funding. A logical framework was developed for IMI in 2004, but it was not finalized and has not guided implementation.

Implementation Results

144. The following paragraphs summarize the results achieved by IMI. The results are ordered by component on the basis of the activities recommended in the IMI Operational Framework.³⁷ The IMI Competitive Grants Scheme was the main funding instrument and drew 66 per cent of funds.³⁸ The scheme is placed nominally in Component 1, but grant proposals were required to state the ways in which the proposed grant would support all three IMI objectives. Activities financed through the Competitive Grant Scheme are therefore referred to in all three components. The components are cross-referenced where appropriate.

145. **Component 1. Strengthening innovation in IFAD operations.** The expected activities in this component were extensive.³⁹ IMI was also tasked with a leadership role in policy dialogue and engagement for innovation.⁴⁰ The main approach to implementation was to finance relevant activities through the Competitive Grants Scheme. The IMI management team implemented actions to drive forward partnerships, scouting and policy development related to innovation; the results are explained below.

³⁷ The range of activities in each component was viewed by the IMI management team as indicative rather than comprehensive. Nevertheless, the evaluation gauged progress against all the recommended actions to assist in overall assessment of IMI's intended performance.

³⁸ The Competitive Grants Scheme had an allocation of US\$5,761,930, which was 66 per cent of the total allocation of US\$8,708,346. The remaining 34 per cent of financing covered designated activities and the operation of the IMI screening committee.

³⁹ Activities included: (i) building partnerships for innovation; (ii) enhancing the capacity of the "extended" IFAD; (iii) development of design tools for innovation; (iv) improving the implementation of innovation; (v) bridging the gap between design and implementation; (vi) providing back-up support for implementation of innovation in country programmes; and (vii) creation of a project development and innovation partnership and programme management unit "twinning" arrangements.

⁴⁰ The activities envisaged were: (i) identification and analysis of policy issues related to innovation; (ii) support for the engagement of people's organizations in policy dialogue; and (iii) support for the IFAD policy forum and other fora that would enhance IFAD's profile as an innovator in rural poverty reduction.

146. **IMI Competitive Grant Scheme.** The scheme received 78 proposals over seven funding rounds, 40 of which – 51 per cent – were approved;⁴¹ 39 grants were financed by IMI, but only 11 were fully completed by the time of the evaluation in June 2009. A further nine grants expended more than 90 per cent of their funds. Nearly 50 per cent of IMI grants were still in progress⁴² at the time of the evaluation. The distribution of grants across IFAD departments was 18 grants for the five regional divisions,⁴³ 11 for the Technical Advisory Division, 3 joint regional grants and 7 grants for internal administrative or operational IFAD divisions.

147. The selection criteria for grants initially covered: (i) the strategic fit of the grant application with IMI objectives, including “uniqueness”; (ii) the extent to which the grants addressed the three IMI objectives; and (iii) the feasibility of the budget and timeline. There were changes to the criteria and the weighting of different criteria over time,⁴⁴ but all scoring totalled 100 points. A sample of grants reviewed by the steering committee showed that the quality of proposals increased from an average score⁴⁵ of 56 per cent in the first grant rounds to 69 per cent in the 2007 rounds; it then fell to 65 per cent in the 2008 grant round. This indicates that the quality of proposals to IMI did improve from the early years of the programme, but that there were still gaps in the quality of proposals in relation to the requirements of the IMI funding criteria. The main weaknesses identified by the steering committee were: (i) low levels of innovation; (ii) unrealistic objectives; and (iii) insufficient definition of mechanisms for mainstreaming. These weaknesses are consistent with the concerns raised in the first innovation evaluation in 2000-2001.

148. The grants approved covered various sectors and activities. Analysis by the most common sectors showed that grants with a private-sector connection were most frequent: this is consistent with the evaluation finding mentioned earlier in the report of a shift towards private-sector interventions such as value-chain and market access development in IFAD’s current country programmes. Institutional development in IFAD was the next most frequent type of grant. Rural finance innovation initiatives accounted for nearly a quarter of the grants; the remaining grants covered either aspects of natural resource management or technological innovations. Table 7 provides a snapshot of sub-sector coverage of the IMI grants.

Table 7. Sub-sector Coverage of IMI Grants

	Private Sector	Rural Finance	Technology	NRM	Institutional	Total
N^o. of Grants	12	8	3	6	10	39
%	31	21	8	15	25	100

⁴¹ Seventeen per cent of the proposals were rejected because they did not fulfil all the required criteria; 10 per cent were rejected because they had a low score against the required criteria. The remaining 22 per cent were rejected because of insufficient funds allocated to a particular funding round – but several were approved in subsequent rounds. One approved grant was cancelled because of lack of counterpart funding.

⁴² Updated information as of September 2009 indicates that 30 grants have now been completed.

⁴³ Western and Central Africa (4); Eastern and Southern Africa (5); Asia and the Pacific (1); Near East and North Africa (2); Latin American and the Caribbean (6).

⁴⁴ The weighting for the feasibility of the activity increased from 10 points to 30 points. There was a decrease in weighting for “linkages to other organizational units within IFAD” and in contributions to changing the “organizational culture/practices” with regard to innovation. The aspect “innovativeness” was added as a criterion late in the programme; it received a 10/100 weighting.

⁴⁵ Scoring of grants was based on the selection criteria for the screening committee. The criteria changed slightly during implementation, but the total score remained 100. The score average per funding round therefore demonstrates the extent to which grants addressed the IMI selection criteria.

149. **Results of IMI grants.** It is important to distinguish between the results of IMI grants in relation to stated targets in the grant proposal, set out in this paragraph, and the contribution of these grants to IMI objectives (the latter will be treated later in the document). At the time of this evaluation, 20 grants – around 50 per cent – had been completed or almost completed. The evaluation review of these 20 grants reveals that around 85 per cent of grants can be considered moderately satisfactory or better in terms of overall achievement, whereas 15 per cent were rated as moderately unsatisfactory.

150. **Partnerships for innovation.** IMI grants were used to foster partnerships, for example, with the International Food Policy Research Institute and the Centre for Creative Leadership. The former led to approval of a grant of US\$3 million from the IFAD Executive Board in December 2008 for policy development related to climate change mitigation and improved market access for the poor. The latter provided customized training for country programme staff and partners, but it is still in the preliminary stages. There are currently no tangible results from either of these partnerships. Preliminary partnerships with private-sector and other agencies were evident in 36 per cent of IMI grants: for example a private-sector entity in China was involved in risk assessment related to changing weather conditions⁴⁶ and is likely to take up the weather insurance supported by the project. These are positive initiatives – but given that partnerships were considered to be a basic principle of IMI, results have not been as extensive as intended in the IMI design.

151. **Policy-level activities.** The generation of the Innovation Strategy was an important activity related to this component; the IMI management team was instrumental in its development. The document emphasizes IFAD's commitment to innovation and provides a formal outline of IFAD's approach to innovation (see chapter VI for the assessment of the Innovation Strategy). The IMI resources were valuable in other strategic processes such as background research that contributed to development of the IFAD Targeting Policy (2006), the IFAD Policy on Improving Access to Land and Tenure Security (2008), and input to the preparations of the IFAD Rural Poverty Report.

152. **Scouting.** Emphasis was placed on the search for innovations that could be applied directly or indirectly to poverty-reduction initiatives. Of the 296 documented case studies of successful innovation, 58 per cent related to IFAD-funded projects; these activities contribute to results in component 2 in terms of capturing learning and promoting IFAD innovations.

153. **Component 2. Learning and sharing of innovations.** Before IMI, IFAD had already emphasized learning and sharing in relation to rural development. The activities in IMI were designed to systematize learning by supporting activities such as: (i) capturing learning; (ii) communicating and promoting IFAD-supported innovations; and (iii) developing IFAD-specific areas of innovation, with emphasis on the necessary conditions for implementation, replication and scaling up of innovation.

154. IMI supported a range of activities aiming at learning and sharing. It supported workshops that gave people in and beyond IFAD an opportunity to discuss innovation initiatives freely and share their experiences. A number of the grants included activities that involved bringing different stakeholders together for learning and sharing of experiences. For example, the IMI supported IFAD's regional Farmer Innovation Fair in 2004, the Rome-based workshop "What are the Innovation Challenges for Rural Development?" in 2005 and the Regional Innovation Workshop/Fair for West and Central Africa in 2008. Each of the workshops included an output that was circulated to stakeholders. Forty eight case studies about IFAD's capacity to promote innovations were prepared in the pilot phase of the IMI.⁴⁷ These are being promoted through the IFAD website and in key publications. IMI supported a series of "brown bag" informal seminars at which speakers described interesting

⁴⁶ IMI grant no. 24072.

⁴⁷ The Pilot phase of the IMI was undertaken in 2003, which included eight pilot activities related to developing innovation capacity in IFAD. This was a one year pilot which led to the production of 48 case studies of IFAD-financed innovations.

innovative ideas related to rural development; those attending exchanged ideas and learning. The practice has now been adopted by several IFAD divisions.

155. But results have been weak in relation to development of IFAD-specific areas of innovation and linking them to opportunities for replication and scaling up. There has been limited support for IFAD's core areas of activity such as smallholder agriculture, rural micro-enterprise development and gender initiatives. There is some duplication between IMI-supported activities and knowledge management activities, for example the IMI grant "Innovative Forms of Training and Capacity-Building in IFAD-Supported Projects and Programmes".⁴⁸ While this is valuable work, the link to IMI outcomes is not clearly defined. Replication and scaling up have not been sufficiently emphasized in the grant proposals or other activities. On the whole, IMI activities have not been well linked to IFAD country programmes, and limited attention was paid towards ensuring the replication and upscaling of the IMI grant results through IFAD operations.

156. **Component 3. Changing organizational culture and practices to support innovation.** This is probably the most important IMI objective. The activities envisaged in this component were intended to encourage a shift in the work practices of IFAD and its staff towards a more innovative approach. It was expected that IMI would support training related to innovation and new work practices and would seek to establish a system of incentives and rewards to motivate staff to pursue innovative activities. The most notable activity was the Creative Problem Solving training arranged by the IMI management team for a total of only 66 staff attendees.⁴⁹ The feedback⁵⁰ from the training, though based on few respondents, is that it is relevant and useful but that lack of time was a major barrier for staff in application of the practices recommended.

157. In general, few activities were undertaken – such as field exposure and immersion for IFAD staff – that aimed to fulfil the third IMI objective. On the whole, the planned activities such as providing incentives for staff (e.g., non-financial rewards systems), testing new work arrangements that have proven successful in the private sector, and promoting cultural change (e.g. identifying innovative ideas and view points from outside IFAD) have not been implemented to the required extent. Some changes in organizational practices were promoted by the IMI, such as the inclusion of the Microfinance Information Exchange market as a tool for assessing and monitoring the viability of rural finance service providers, but most changes in practices have occurred mainly through the wide-ranging reforms processes (e.g. improved quality enhancement and quality assurance) within IFAD in the past 3-4 years and not the IMI. It is therefore difficult to trace or attribute the results of cultural change directly to IMI activities.

158. In the following paragraphs, the evaluation makes an assessment of the IMI as a whole, and not the individual grants it financed, using the standard IEO evaluation criteria.

Programme Performance

159. **Relevance.** The IMI programme was timely and relevant for IFAD. Its three objectives were appropriate to the needs of IFAD, as they aimed to respond to the increasing importance of innovation in the Fund's policy and strategy documents. The IMI addressed the need to mainstream innovation processes and allocate specific resources to innovation initiatives. On the whole, the design of the programme was largely relevant. For example, it allowed IFAD to invest funds in its own

⁴⁸ Grant no. 24086, which aims to compile a compendium of best practices with partners such as the United Nations Scientific, Educational and Cultural Organization and the Network for Policy Research Review and Advice on Education and Training.

⁴⁹ Approximately 10 per cent of IFAD staff.

⁵⁰ Feedback was assessed by an internal IMI survey that incorporated electronic and face-to-face feedback from participants. There were 16 respondents out of the 66 participants, two of whom were IMI staff. It is not clear whether there were duplicate respondents in the two forms of data.

development, which would not be possible through resources from the IFAD's grant policy. The design of a discrete, externally funded programme, situated within the main hierarchy of the organization and focused exclusively on promoting innovations, offered good opportunities for organizational change.

160. But there were some weaknesses in the design that prevented IMI from being of further relevance to the organization: (i) it aimed to undertake a large list of activities which were not prioritized; (ii) some of the activities, such as developing incentives for staff, were clearly beyond the scope of IMI to address, and no specific suggestions were included in the IMI Framework on how these activities could realistically be achieved; and (iii) the IMI Operational Framework only noted a requirement for annual reporting: it did not propose a rigorous regime of developing specific programme targets in relation to results or of regular M&E. These contributed to diffuse implementation and disjointed results. The draft implementation strategy was an attempt to redress this design weakness, but the rationale for the three new focus areas was not clear and led to a blurring of the focus on a number of other aspects that could have moved IFAD further in terms of innovation capabilities.⁵¹ This was a lost opportunity for IFAD. In addition to the aforementioned, the evaluation raises the question whether it was appropriate to locate the IMI management team in the then EAD, and whether this could have limited the relationships between IMI activities and IFAD's loan and grant funded operations.

161. Other evidence of the relevance of IMI is the distribution of the competitive grants by sector, which clearly reflects the recent sub-sectoral structure of IFAD's operations: as such it is an indication of its relevance to IFAD's current portfolio.⁵² The grants for institutional development – 25 per cent of the total – were less relevant, however: some, such as the Learning and Sharing Day, aimed to build IFAD's capacity for innovation; others were so integral to IFAD's core operations that it is surprising that the costs were not paid out of IFAD's regular budgets: examples include buying risk-assessment software under grant no. 24090, security training for IFAD women staff under grant no. 24087, and support for the Rural Poverty Portal. Overall, in spite of some design limitations, the IMI's relevance is rated as satisfactory (5).

162. **Effectiveness.** On the whole, IMI was moderately effective in achieving its objectives. The preparatory phase was well-structured and resulted in clearly documented pilot activities. But implementation of the Operational Framework for the main phase was less effective. As mentioned earlier, the Operational Framework outlined a broad approach that did not clearly define what IMI should focus on to achieve its objectives.⁵³ No systematic attempts at prioritization were undertaken during implementation. This reduced the ability of IMI to achieve its objectives fully. Some progress was achieved in each programme objective, but there were gaps in performance that prevented IMI from reaching its full potential. The first two objectives of the IMI of mainstreaming innovations and strengthening learning on innovation were achieved to a fair degree, but the third objective of promoting changes in organizational culture and practices to support innovations has largely not been met.

⁵¹ EB 2004/83/R.2, paragraph 17.

⁵² The high demand for grants supporting private-sector development (31 per cent) reflects IFAD's current interest and relative inexperience in this area of activity. The grants acted as a form of research and development within IFAD for activities related to value-chain development and market access. The grants related to rural finance – 21 per cent – are relevant to a known priority area of IFAD and aimed at building the capability of IFAD and partners in this area. Surprisingly few grants related to technology aimed at supporting innovation in the agriculture or enterprise sectors. The NRM grants – 15 per cent – were mainly related to effects of climate change, which is a focus of global innovation efforts and thus relevant to IFAD's operations.

⁵³ For example, the term "mainstream" is not defined in the Operational Framework but is defined in implementation of the IMI grant selection criteria and was considered synonymous with "replication and scaling up". See IMI Screening Committee Selection Criteria Scoring Formats 2005–2008.

163. The competitive grant scheme is the most important IMI initiative. The competitive grants were intended to contribute to IMI's three objectives, but there was no process in IMI to link the consolidated results for individual grants – the main IMI instrument – to the objectives. Evidence from the review of the 20 completed and almost completed grants indicates that the grants were moderately effective. Positive results from the review of these grants in relation to IMI objectives include: (i) enhanced partnerships for innovation – 36 per cent; (ii) increased innovation capacity– 10 per cent; and (iii) identification and analysis of policy issues related to innovation – 15 per cent. But the results of the remaining 39 per cent of grants did not have a clear link to the IMI objectives. The grant selection process was formal, well documented and transparent.

164. IMI grant financing supported the IFAD policy forum and other fora that increased the profile of innovation in IFAD. But there was little evidence of any substantial progress in bridging the gap between design and implementation of loans for innovations, mainstreaming them into operations, developing design tools, developing IFAD-specific areas for innovation or policy dialogue. Building on phase I, IMI helped to identify many different forms of innovation, which were given a high profile in IFAD; but their contribution to country programmes has so far been limited. IMI also contributed to the development of the Innovation Strategy, which is a corporate acknowledgement of the importance of innovation. Other IMI-supported initiatives are either insufficiently innovative or have not achieved the expected level of results.

165. IMI contributed to learning and sharing of innovation lessons in IFAD through workshops, fora and publications, the documentation from which was useful to the participants and in some cases was promoted across IFAD. The Innovation Strategy was a means of synthesizing lessons learned through IMI, but internalization of learning in IFAD's operations was not evident. It is expected that the final report on IMI will analyse the learning generated through IMI in greater depth. The lack of an internal programme-monitoring system hampered the collection of baseline data on innovation initiatives and associated learning. Best practice in innovation management demonstrates how good monitoring systems act as a valuable source of learning, but IMI did not harness the strategic learning potential in its activities by establishing a monitoring system that would have improved the learning loop for innovation initiatives in IFAD.

166. The Operational Framework suggested that IMI would "... develop a model for the routine management of learning on innovation from loan and grant projects". This was not done, and it appears that IMI still needs to finance and implement the "... in-depth analysis of the elements that constitute a successful innovation and documentation of this knowledge ..." to "... place IFAD in a better position to communicate with external partners in promoting innovations."⁵⁴ The Operational Framework also proposed an institutionalized process of analysis and synthesis related to the innovation process and a more structured approach for involving consultants and network partners in learning and sharing lessons on innovation. It is not evident that these learning and sharing objectives were achieved.

167. Assessing progress towards change in organizational culture and practices is inherently difficult. But the perception of IMI among IFAD staff is a good proxy for achievement in this regard. The IMI grants scheme became the main profile of IMI in IFAD, resulting in the perception of IMI⁵⁵ as more of an additional internal funding facility. There was low awareness of the third objective of IMI. The fact that IMI had available resources for internal IFAD use was its main attraction, because the current grants system does not allow it. The staff response to IMI-sponsored training in innovation problem solving was mentioned earlier in this chapter, but no new work arrangements to promote innovation resulted from IMI. The extent to which practices in innovation have changed seem to be a result of some influence from IMI, but there were large influences other than IMI, mainly internal

⁵⁴ Operational Framework, paragraph 25.

⁵⁵ No corporate-level respondents to the evaluation were aware of the organizational change objectives for IMI. They were very much aware of the grant funding.

IFAD reform processes such as the new guidelines for COSOPs and project designs as well as portfolio review process. As also mentioned previously, neither IMI nor other mechanisms in IFAD succeeded in creating an appropriate incentive framework for IFAD staff to promote innovation and scaling up.

168. The long list of activities expected was obviously beyond the capacity of IMI to deliver in a comprehensive and effective way,⁵⁶ but no indicators for prioritization were provided. The draft IMI implementation strategy was a commendable attempt to redress the diffuse nature of activities in the Operational Framework, but the rationale for selection of the three focus areas was not clear.

169. At the strategic level, there was some lack of coherence between the implementation strategy and the Operational Framework. The implementation strategy emphasized only a few activities at the expense of other activities that might have promoted the three IMI objectives by taking a more strategic and systematic approach to innovation, for example by: (i) developing strategic areas for innovation in IFAD that would receive priority; (ii) developing tools such as risk analysis and M&E systems for innovation; and (iii) improving learning as to the conditions necessary for implementation, replication and scaling up of innovations. The omission of these activities, and possibly others, was a lost opportunity for IMI to contribute to its effectiveness. As mentioned, IMI's effectiveness has been assigned a rating of moderately satisfactory.

170. **Efficiency.** Assessment of the efficiency of IMI requires analysis of the application of resources in activities with a view to achieving the objectives. Measurement of efficiency assesses not only the level of financial performance but also whether other resources available to IMI such as overhead costs and time were used in the most efficient way. The most recent financial statement for IMI for the period ending 31 December 2008 is shown in Table 8. The main phase of the IMI was originally designed as a three-year intervention (i.e. to be completed by end of 2007), but by the end of 2008 the schedule had already been exceeded by one year and only 77 per cent of the available funds had been allocated, and 55 per cent of available funds had been disbursed.

171. Of the 39 grants that were financed, only 11 had spent 100 per cent of their allocated budget by June 2009. The competitive nature of the grants scheme means that budgets must fall within the designated grant limit of US\$200,000. There is some doubt as to the efficiency of a competitive grants scheme with a maximum designated grant limit. In 20 per cent of applications, the IMI screening committee noted deficiencies with budgets such as insufficient detail or requests for the maximum amount without sufficient justification. The US\$200,000 limit seems to be an arbitrary amount that is more about organizational equity than the efficiency of supporting a particular innovation. Some applications were clearly part of a longer and more strategic innovation process that needed more resources than were available within the competitive limit. An allocation approach with more flexible funding based on the relevance and feasibility of the proposed initiative would be a more efficient use of funds. Alternatively, a strategic approach to financing innovations focusing on few themes highly relevant to IFAD could have been more efficient.

172. There was a reliance on the competitive grants to deliver the programme outputs: but several grants were considered to be borderline activities for core funding⁵⁷ and the level of innovation supported by the IMI grants is questionable. The selection criteria for grants placed a maximum weighting of 10 per cent for the level of innovation of a proposal, which meant that feasible proposals with little uniqueness could be approved for funding. There were no clear strategic themes to guide the grant scheme, and the programme investments were spread across a range of disparate activities with no specific thrust. This meant that the bulk of resources invested to achieve the core objectives of

⁵⁶ Overall, the initiatives of IMI were only able to achieve satisfactorily seven of the 28 actions of the Operational Framework, and partially achieve 7 more; 12 actions were only marginally or not developed; 2 were absorbed into the Knowledge Management Strategy.

⁵⁷ Risk Assessment Software (grant 24090) and the Rural Poverty Portal (grant 24054).

IMI did not reach their potential. At the time of evaluation, few grants complied with the requirement for a final report detailing the physical and financial performance of the grant, and many grants were running substantially behind schedule; 23 grants – 60 per cent – were allowed an extension. The average time between original completion date and the completion date is 502 days.

173. The efficiency of the competitive grants is also assessed in relation to the time that elapsed between announcing a bid and approval of a grant. An average of 82 days between submission of proposals to the allocation of funds would appear to be long. The intervals increased because of the difficulties in having the quorum for screening meetings, and the travel schedules of senior managers resulted in delays in signing approval memoranda. Even so, once the grants had been approved the funds were allocated in an average 20 days, considerably shorter than the time taken to approve regular IFAD grants.

Table 8. IMI Financial Performance as of 31 December 2008

	US\$	%
Total funds received from DFID ⁵⁸	11,262,065	100
Total funds allocated	8,708,346	77
Total disbursements	6,201,876	55
Balance funds available	2,553,719	23
Details of allocated funds		
Preparatory phase	837,223	10
Competitive bidding	5,761,930	66
Partnership development	527,133	6
Learning and sharing	815,000	9
Cultural and organizational change	731,900	8
Screening costs	15,210	0
Rapid Funding Facility	19,950	0
Total allocated funds	8,708,346	100

174. The scheduling of IMI was not clearly defined. As mentioned above, the main phase was expected to run for three years from 2005–2007. The maximum timeframe allowed for grants was 24 months, so it would be expected that all grants would be completed by December 2009. But in view of the relatively slow disbursement of funds, a further round of grant proposals was accepted in April 2008; grants should now be completed by April 2010. This is consistent with the completion date for the DFID financing, but it is unlikely that all allocated funds will be absorbed by the end of the programme. Implementation is therefore rated as moderately inefficient.

175. According to the available information, the total overhead costs of IMI, excluding any corporate charges, over four years to the end of 2008 were US\$1,064,348. The ratio between administrative and programme expenditure is 1:5 (20 per cent) relative to funds expended to date, which is on the higher side. If IMI funds are fully expended, the ratio is likely to improve; if no major administrative costs are incurred and all funds received are expended, the ratio of administration costs to programme expenditure may reach 1:10.58.

176. None of the US\$40,000 allocated in the IMI budget to monitoring ongoing grants had been spent by the end of December 2008. The main reason for this stated by IMI management was that the IMI grants are to be “owned”, and therefore they should be monitored by the divisions that implement

⁵⁸ At the time of IMI approval, DFID committed to providing US\$10 million in supplementary funds in pounds sterling equivalent: this explains the difference in Table 8 in the total funds received from DFID.

them. Nevertheless, IMI management frequently had difficulty in obtaining progress reports, which affected follow-up on progress made and constrained the efficiency of IMI. No firm basis was found to assess the efficiency of the IMI-financed training in IFAD: IMI's contribution to the cost of training was US\$286,900 but the cost-efficiency of these activities was not tracked. Overall, the efficiency of IMI was judged as moderately unsatisfactory.

177. **Impact of IMI.** The likelihood of achieving the planned impact of the IMI programme is primarily the extent of: (i) innovation mainstreamed in IFAD operations; (ii) improvement in the quality of innovation initiatives; and (iii) replication and scaling up achieved with IMI support. There is evidence of an improvement in the performance of IFAD operations in terms of innovation: for example the percentage of IFAD-supported projects rating satisfactory for innovation rose from 63 per cent of the portfolio in 2002 to 100 per cent in 2008. The ongoing portfolio review (see chapter III) found that the overall innovation score for project designs between 2003 and 2008 increased. The IMI contribution to this improvement in performance cannot, however, be definitively traced.

178. There were other impacts attributable to IMI. Improved rural finance practices were good: investments by IMI led to continued and increased investment in improving micro-finance standards worldwide; several grants explored innovations in climate change and weather risk. The results are still tentative, but they demonstrate innovations in relatively new areas of interest for agriculture and rural development. IMI contributed to the development of a range of guides for improved agriculture and rural development such as the Practitioner's Guide for Institutional Analysis. Although the outputs of these grants were achieved, the pathways for their promotion and use in IFAD operations are not well defined.

179. The bulk of grants – 82 per cent – describe general outputs of enhancing learning and strengthening networks rather than identify specific innovations that can be transferred to IFAD operations for future funding; only 18 per cent of grants had a clear link between the IMI grants and projects in the IFAD portfolio. At this stage, the impact of IMI on innovation in IFAD country programmes and project portfolios is not easy to discern – but the strategic and policy input of IMI has influenced corporate and strategic processes, and so it is likely to have an eventual impact on field operations. All the grants show potential for enhancing IFAD's approach to innovation, which is expected to generate an impact on operations over time.

180. The innovation capability survey⁵⁹ conducted as part of this evaluation showed that respondents were divided into three broadly equal groups: 40 per cent did not agree or agreed only slightly with the positive statements about IMI; a third agreed moderately and a third agreed greatly with the statements. This balance shifted slightly to the negative end of the scale on the contribution of IMI to supporting the organizational culture and practices of IFAD and institutionalizing a system of incentives and rewards to motivate staff to support innovation. The most positive end of the scale was for training activities and selection of pilot projects.

181. The ultimate measure of impact will be the extent to which successful innovations are replicated and scaled up. The completed and almost completed grants review shows that 20 per cent of grants were not intended to be replicated; 35 per cent of grants were not clear about how they would be replicated or scaled up, and 55 per cent may be replicated in IFAD in some way. The extent of replication or scaling up is diverse, however.⁶⁰ In conclusion, the evaluation judges the impact of the IMI to be moderately satisfactory.

⁵⁹ Respondents were asked to score on a five-point scale the extent to which they agreed with statements about the achievement of IMI's main outcomes (see Table 9).

⁶⁰ For instance, the innovative work of the Micro-finance Information Exchange Inc has the potential to improve micro-finance standards globally. There is evidence that the tool is leading to increased accountability in micro-finance institutions. The *Practitioners Guide for Institutional Analysis of Rural Development Programmes* has been circulated and presented at several fora, but there is no firm evidence that the practices have been replicated.

Table 9. IFAD Staff Perceptions of the IMI Programme

	Question/ percentage of respondents	A little or no extent	A slight extent	A moderate extent	A great extent	A very great extent
Q60 N=37	IMI has greatly strengthened learning about innovation.	2.7	32.4	27.0	21.6	16.2
Q61 N=38	IMI has assisted the application of innovation in IFAD country programmes.	2.6	36.8	34.2	13.2	13.2
Q62 N=38	The organizational culture and practices of IFAD have become more supportive of innovation because of the contribution that has been made by IMI.	13.2	28.9	34.2	15.8	7.9
Q63 N=37	IMI has helped to institutionalize an appropriate system of incentives and rewards to motivate staff to support innovation.	21.6	32.4	21.6	8.1	16.2
Q64 N=38	Training activities and discussion events sponsored by IMI have helped to introduce new ideas and approaches to IFAD and the exchange of learning.	7.9	28.9	31.6	26.3	5.3
Q65 N=33	The IMI-approved grants financed innovative pilot projects that are being scaled up in IFAD country programmes and/or by others.	12.1	30.3	33.3	18.2	6.1
Q66 N=36	The process of selecting pilot projects for IMI financing is efficient and objective.	13.9	25.0	27.8	25.0	8.3

182. **Sustainability.** Implementation of IMI initiatives is still ongoing. Therefore, the actual sustainability of results cannot be assessed fully. Nevertheless, an assessment of the likelihood of sustainability of the benefits from the IMI was attempted by assessing the sustainability of the completed and almost completed grants. Of the 20 grants assessed, four (20 per cent) were not intended to be sustained because they were one-off activities such as workshops; of the remaining 16 grants, nine (56 per cent) showed indications that the initiatives were likely to be continued as part of IFAD's operations. It should be noted that several of the grants included processes that were core activities of IFAD rather than new innovations, such as the Rural Poverty Portal. Nonetheless, these initiatives are likely to be continued in IFAD and act as a continuing resource for supporting innovation. This is a positive result that underlines the importance of some of the grants as an instrument to increase innovation in IFAD operations.

183. On the other hand, there are many activities that did not achieve the projected results. In particular, the systematization of innovation in relation to IFAD operations and the envisaged cultural change have not occurred. The lack of strategic performance in this regard compromises the long-term impact of IMI and sustained impact of the investments. IMI is therefore rated moderately unsatisfactory for sustainability given the available information to date.

184. **Performance of partnerships.** The partnership for IMI was largely between IFAD and DFID. The support from DFID was timely and relevant in view of the strategic direction of IFAD at that time. IMI benefited from an annual review by DFID in 2006. Initially, DFID had been expected to conduct reviews annually, but this did not occur. Payments to IMI were made regularly and in line with IFAD requests. There was no documented expectation that DFID would play a more active role within IMI. The performance of DFID can therefore be considered satisfactory.

185. The performance of IFAD is more complex to determine. The identification of IMI as a potential instrument for increasing innovation in IFAD responded to its strategic needs at the time. Early development of IMI showed creativity and good understanding of what was required. Implementation performance was varied, with satisfactory performance in some aspects and moderate results in others. The main issues were the absence of mechanisms in IMI to link activities more clearly to IFAD’s broader programmes and lack of a result-based framework for monitoring and internal work programming; the follow-up and synthesis of grant reporting was insufficient. This led to prioritization of activities in terms of usefulness and importance, but the process sidelined other strategic initiatives that could have achieved the anticipated operational shift towards a more mainstreamed approach to innovation in IFAD. But the expectations of IMI were high: it could be argued that at the corporate level IFAD provided insufficient institutional support for the programme. The IMI management team attempted to balance strategic and operational priorities with limited resources: this did not always result in satisfactory performance, but it generated positive results and momentum towards innovation in IFAD. As mentioned before, the location of the management team in the then EAD was not appropriate and may have constrained the linkages between IMI and IFAD’s overall development activities. The overall performance of IFAD is therefore rated moderately satisfactory.

Overall IMI achievement

186. The evaluation of the IMI programme presents a mixed picture in terms of results, performance and impact. A number of important IMI achievements contributed to progress towards each of the three objectives. The evaluation ratings for IMI are summarized in Table 10.

Table 10. Evaluation Ratings for the IMI

Evaluation criteria	Rating	Evaluation criteria	Rating
Relevance	5	Impact	4
Effectiveness	4	Sustainability	3
Efficiency	3	Performance of partners	
		DFID	5
		IFAD	4
Overall achievement: 4			

187. **IMI has contributed to improvement in innovation performance.** The evaluation shows that the emphasis on innovation across IFAD projects increased, but there was no direct link to show the extent of the contribution made by IMI made in this regard. Nevertheless, IMI was active at the corporate and operational levels across a range of activities. The IMI grant scheme stimulated a number of proposals for funding that were relevant to IMI objectives: in general these grants increased the diversity of innovation in IFAD and promoted innovations across the organization. It is likely that most of these initiatives would not or could not otherwise have been supported by IFAD because they were internal capacity-building initiatives that are not eligible under the current IFAD grant programme. A quarter of the grants were specifically designed to increase and mainstream innovation in IFAD. In general, the grants achieved positive results.

188. **IMI’s design potential was not fully achieved.** IMI was designed as the main instrument for driving through the organizational changes needed to make IFAD a source of innovation. From an organizational development perspective, IMI focused attention on the need for organizational change and dedicated resources to it. The key instrument for change adopted by IMI – the grants scheme – can be considered successful. But the grants contributed to a level of fragmentation and a lost opportunity for a more systematic approach to organizational change.

189. **The strategic intent of IMI was diluted.** At the commencement of IMI, there was excitement about the opportunity that the resources presented. The momentum developed through the preparatory phase of IMI promised to act as a driver of significant organizational change. The increased emphasis

on the grant scheme and on isolated activities from the IMI Operational Framework increased the level of performance in visible ways across IFAD – but it also made the strategic thrust of IMI less effective in terms of wider organizational change. The results of the grants were scattered in different sectors, activities and locations, but IMI did not sufficiently connect them. The grants scheme became the main profile of IMI in IFAD. Strategic opportunities were missed, so corporate attention was not focused on the mainstreaming of innovation: instead, IMI was misinterpreted as an additional internal funding facility, and so it did not become the envisaged agent for change in IFAD.

190. **There were internal barriers to culture change.** The most difficult objective was cultural change in IFAD to support innovation. IMI resources provided an opportunity for IFAD to change its culture and approach to innovation. IMI did support training initiatives, but the impact was limited. Staff involved in IMI-supported activities showed a willingness to change their practices, but the current organizational arrangements and products did not leave sufficient scope for change to occur. The theory of innovation was accepted and knowledge increased, but the application of knowledge was poor: the reasons given were lack of time, lack of relevance to current challenges and the low priority given to innovative processes. This signals that there is still significant work to be done in IFAD to develop an environment that enables innovation.

191. **The approach to innovation was not sufficiently systematic.** Before IMI was started, the Executive Board expressed concern that innovations promoted by IFAD were not systematically recorded or assessed. The pilot phase of IMI established rigorous processes for recording, monitoring and reviewing the initial grants, but unfortunately the same level of rigour was not applied in the main phase: this is partly the result of a concern that the documentation process in the pilot was too cumbersome, which may have prevented applications. But the documentation of the main grants scheme was not complete or systematically analysed, nor was it systematically linked to country programmes or project pipeline processes. There are various measures for generating and promoting learning from these innovations, but they were not institutionalized to the extent envisaged in the original Operational Framework.

Key points

- ❖ The IMI was a useful and timely initiative aimed at improving IFAD’s capacity to promote innovations.
- ❖ Overall, good results have been achieved related to the first two objectives (strengthening innovations in IFAD operations and increasing learning and sharing on innovations), but the third and perhaps the most important objective (changing organizational culture and practices) has largely not been met.
- ❖ IMI was appreciated more for the funding opportunities it offered, rather than a strategic instrument for introducing systemic enhancements for promoting pro-poor innovations. The linkages between IMI grant activities and IFAD’s programme of work was weak.
- ❖ The institutional positioning of the IMI management team in the then EAD, was inappropriate and constrained linkages between IMI activities and IFAD’s programme of work.
- ❖ The IMI suffered by limited institutional support, lack of a result-based framework for monitoring and inadequate follow-up on grant reporting and synthesis of results.

VI. IFAD’S INNOVATION STRATEGY: RELEVANCE AND INITIAL IMPLEMENTATION

192. The assessment of the 2007 IFAD innovation strategy is one of the building blocks of this evaluation. The evaluation focused on assessing the relevance of the strategy and its initial implementation. Given the short time span between the approval of the strategy and the undertaking of this evaluation, it was not possible to conduct a results-based assessment of the strategy. In fact, IEO had requested the IFAD Management in 2007 to defer the development of the innovation strategy, so that it could be informed by this evaluation. However, the Management was unable to take up this suggestion.

A. The Innovation Strategy

193. The Innovation Strategy, which was one of the deliverables of IFAD's Action Plan to Improving its Development Effectiveness (2005), was approved by the Board in September 2007. For the first time, innovation was seen as sufficiently important and sufficiently distinctive to warrant its own strategy. The strategy outlined the challenges confronting the rural poor, and stated that the approaches currently used for the alleviation of rural poverty could not meet the full extent of the needs. Hence, innovation would be essential and was to become a key element in "the new development architecture".

194. The strategy described in the document focused on the development of innovation as a dynamic organizational capability in IFAD. It was not explicit as to goals, but stated: "... the Innovation Strategy does not set new objectives for staff, but rather defines what is needed to create an innovation-friendly environment and to support staff in achieving the expected results" (page 4). The IFAD Strategic Framework for 2007–2010, however, is more explicit about deliverables: "... all elements of IFAD's country programmes will be expected to be innovative. Yet innovation without scaling up is of little value". The strategy recognized that developing innovation as a dynamic organizational competence was more than a policy decision: it would require a focused programme of organizational development. This was made clear in the statement "IFAD will... modify its internal systems and processes as necessary. It will develop its operational strategies, its business systems and its human resource profile in order to focus on, achieve and measure development results."

195. For the first time, the document captures IFAD's definition for innovation (see Box 1). The purpose of the strategy itself is stated clearly: "The goal of the strategy is to ensure that innovation is mainstreamed into IFAD processes and practice in a systematic, effective way..." that "... involves ensuring constant attention to this issue, so that it systematically permeates both IFAD's core systems and processes and its country programmes and projects". In order to achieve mainstreaming, four clusters of activities were outlined: (i) building IFAD's innovative capabilities; (ii) nurturing partnerships and innovation networks; (iii) embedding rigorous innovation processes into IFAD's core business practices; and (iv) facilitating a more supportive organizational environment for innovation. In addition, 21 initiatives were presented, one of which is an innovation prototyping process that is described as "the main tool": it is a six-stage process for new product development providing the main route for testing and improving innovative initiatives and preparing them for scaling up.

196. Implementation of the strategy was described as needing to involve the whole organization: the strategy recommended that "... the President of IFAD designate a member of his senior management team to have overall responsibility for championing, monitoring and overseeing implementation of the innovation strategy." The strategy suggested that IMI be reconstituted into an Innovation Services Group (ISG) with 11 responsibilities that would give ISG a key role in implementation. It also suggested that the ISG would establish an innovation network to support the clarification and definition of challenges faced by rural poor people in new ways, thus leading to the identification of truly innovative solution. With regard to results, the strategy stated that the number of "... projects rated 4 or better for innovation, learning and/or scaling-up (will be) the results measure." The strategy document concludes with a risk assessment, discussion of funding issues and appendixes that show the breadth of IFAD's role in facilitating innovation.

B. Effective Strategies

197. From an organizational perspective, it is necessary to consider whether IFAD's innovation strategy was fit for purpose and took the organization forward. To do this, IFAD's Innovation Strategy has to be compared and contrasted with a reference model of strategic effectiveness (Francis, 1992). Strategies fall into two broad categories: (i) objective-driven: those that drive the organization towards achieving specific targets; for example "IFAD will raise 20 per cent of its funds from new sources by 2012"; and (ii) competency-driven: those that require the embedding of specific

competencies to enable the organization to perform certain complex tasks effectively; for example “IFAD will be able to scale up proven new ideas for the alleviation of rural poverty faster than other agencies”.

198. All strategies are commitment decisions in that they open some doors but close others. Objective and competency-driven strategies are not mutually exclusive: organizations need both. Strategies enable organizations to be aligned with a clear direction so that the components of an organization such as its structure, systems, skills, style, staff and shared values can be designed and developed to support the strategy. Strategies are statements of identity and aspiration: they state “what we will be” and “what we won’t be” in the future. This helps people who work in the organization to re-orientate their behaviour to support the strategic intent.

199. Competency-driven strategies such as embedding a dynamic competency of innovation into IFAD are required; indeed, they are the most frequently used, because it is not always possible to set specific goals in advance. For example an agency specializing in disaster relief cannot know what it will be called on to do in a particular emergency, but it can develop a competency of rapid need assessment because it knows that this will be required whatever emergencies occur.

200. On the basis of established organizational models, an effective competency-driven strategy will have the following seven attributes (Allard, 2004). It will:

- i. state why the competency is required;
- ii. provide realistic scenarios of how the competency will be deployed in practice;
- iii. state a competency development level ambition, for example in scaling up innovations; different competencies are required to introduce a major innovation to millions from those needed to gain a few more adopters of a minor improvement;
- iv. clarify who is responsible for the development and maintenance of the competency;
- v. provide an assessment of the current level of competence so that the gap between the current and the required state is understood;
- vi. state how the strategic commitment to develop the competency will affect other aspects of organization; and
- vii. build an assessment of the organization’s performance in mastering and deploying the competence into corporate results-based management.

C. Assessment of IFAD’s Innovation Strategy

201. **Influence of the Innovation Strategy** So far, just over two years after the strategy was published, its influence has been slight and indistinguishable from contemporary strategic documents and guidelines. IFAD was stressing innovation as a strategic thrust well before publication of the Innovation Strategy: this was demonstrated in the strategic and policy review summarized in chapter II. A steady increasing trend was seen for most aspects of innovation before and after publication of the Innovation Strategy. Hardly any factors were introduced in the Innovation Strategy that had not been promoted by previous documents. The effect of the Innovation Strategy itself cannot be clearly discerned in the content of country programmes because so many strategies, policies and guidelines stressed most aspects of innovation. There was a steady trend of improvement in performance related to innovation from 2003, but it cannot be determined whether this trend would have continued regardless of the release of the Innovation Strategy. This implies that the Innovation Strategy was primarily a mechanism to consolidate and articulate IFAD’s existing approach to innovation, which no doubt contributed to an increased focus on innovation at the corporate and country strategy levels.

202. **Assessment based on the effective competency-driven strategy model.** A seven-point checklist based on the above mentioned criteria provides a structured way to assess whether IFAD’s innovation strategy was fit for purpose and took the organization forward.

Table 11. Assessment of the IFAD Innovation Strategy

	Criteria	Comments on IFAD's Innovation Strategy
1	State why the competency is required.	Achieved. There are clear statements as to how innovation will be essential for future poverty alleviation.
2	Provide realistic scenarios of how the competency will be deployed in practice.	Partly achieved. Covered by examples provided in the appendix to the Innovation Strategy but not synthesized to provide clear pathways.
3	State a competency development level ambition.	Not achieved. In particular the issue of scaling up is not addressed.
4	Clarify who is responsible for competency development.	Partly achieved. Stated but not deployed: no member of senior management has taken the role of champion.
5	Provide an assessment of current level of competence.	Partially achieved. Touched on in examples provided in the appendix to the Innovation Strategy but not analysed comprehensively.
6	State how the strategic commitment to develop the competency will affect other components of the organization: structure, systems, skills, style, staff and shared values.	Not achieved. Implementation modalities were not elaborated and there has been no programme of work to implement the strategy.
7	Build an assessment of the performance of the organization in mastering and deploying the competence into the corporate management information system.	Partially achieved. The sole success criterion for innovation provided in the report related to the numbers of projects scoring 4 or above on relevant indices – which is insufficient.

203. From this assessment it is clear that several aspects of the strategy are under-developed. However, the strategy has to be credited for containing a clear statement of the importance of innovation to IFAD that sent a message to members of staff and other stakeholders. Aside from this statement, the evaluation found that the strategy was more a confirmation of IFAD's approach to innovations, and hardly included any new factors necessary for ensuring success in promoting innovations.

204. **Findings from the Innovation Capabilities Survey: IFAD Staff Perceptions.** The findings of the 2009 innovation survey provide information as to how members of staff perceived the Innovation Strategy and the extent to which they believe it influenced IFAD. The influence was measured by five questions in the survey using a scale of 1 (lowest) to 6 (highest). The scores for respondents who answered the questions related to IFAD's Innovation Strategy are shown in Table 12.

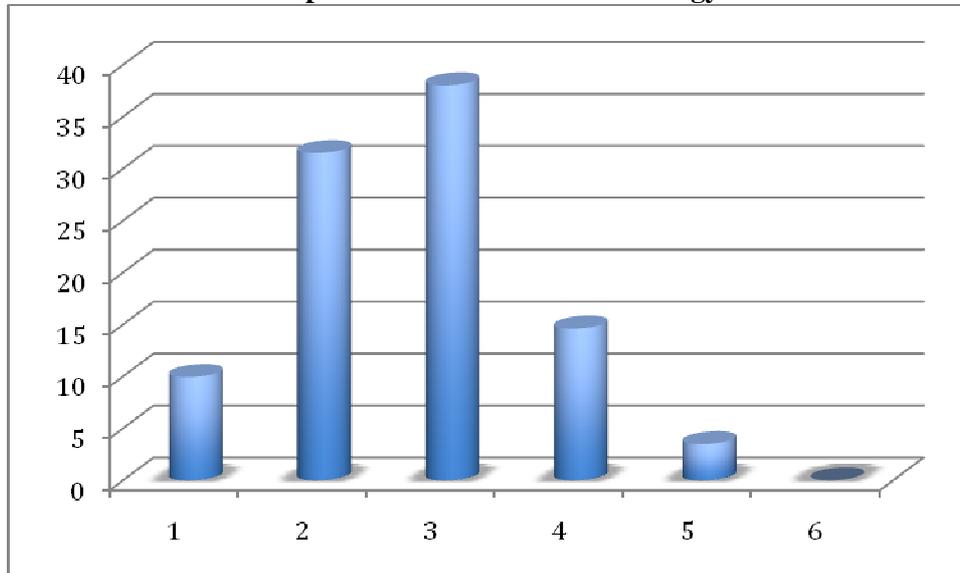
Table 12. IFAD Staff Perceptions of the Innovation Strategy

	Question	Mean
Q. 67	IFAD's Innovation Strategy is leading to enhanced institutional capacity to work with partners and to find and promote new and better ways to enable the rural poor to overcome poverty.	2.73
Q. 68	IFAD's Innovation Strategy is helping to build the institution's ability to recognize and understand the challenges that require innovative solutions.	2.76
Q. 69	IFAD's Innovation Strategy has improved the innovative content and the quality of COSOPs and poverty reduction projects.	2.69
Q. 70	Under IFAD's Innovation Strategy, country-level partnerships to support innovation and innovation networks have multiplied.	2.62
Q. 71	The planning and implementing of the scaling up of innovations has received greater attention in IFAD's country programmes under the Innovation Strategy.	3.00

205. The scores show that the Innovation Strategy had only a low to modest influence on behaviour. The highest scoring area, Q. 71, relates to the degree of attention that the scaling up of innovation received in the country programmes as a result of the Innovation Strategy. The lowest scoring question, Q. 70, asked whether country-level partnerships to support innovation and innovation

networks had multiplied as a result of the Innovation Strategy. Another low-scoring question, Q. 69, asked whether the Innovation Strategy had improved the innovative content and the quality of COSOPs and poverty reduction projects.

Chart 9. IFAD Staff Perceptions of the Innovation Strategy: Distribution of Scores



206. These results indicate that IFAD’s Innovation Strategy has not influenced the way staff behaviour to any significant extent. More than three quarters of IFAD staff rated the influence of the strategy as moderate or less (see Chart 9). It is reasonable to conclude that the Innovation Strategy has not had a marked impact on IFAD’s approach to focusing, delivering or managing innovation. Evidence from interviews suggests that the activities surrounding the launch of IMI three years earlier had a greater impact.

207. These comments relate to the influence of the Innovation Strategy so far, not to its intent. As mentioned above, the strategy further legitimized the importance of innovation in IFAD. Perhaps more important, the document signalled to donors the depth of IFAD’s commitment to adopting innovation as a guiding principle and raised their expectations as to how it would operate in the future. The expectations of governments considering undertaking projects with IFAD may also have been shaped by the existence of an explicit Innovation Strategy, though the evaluators were unable to find anyone who had read it during the country evaluation visits.

208. Of particular concern is the absence of a sub-strategy that would facilitate scaling up. This topic is discussed in depth in chapter VII and will only be mentioned briefly here. Although there is an outline in the Innovation Strategy of a six-stage process for new product development, the organizational development requirements were not identified. As clarified previously, there was no evidence that IFAD has improved in this important area. At least some of the difficulties in implementing the strategy were consequences of the lack of clarity of some of its aspects and the fact that it did not develop thinking about innovation in IFAD. The Innovation Strategy as articulated in the document consolidated IFAD’s existing approach rather than extended it.

209. It is clear that there was a steadily increasing thread promoting the importance of innovation through policy, strategy and operational documents in IFAD before the Innovation Strategy was prepared. The strategy document itself acknowledges that it “does not set new objectives”, but it did indicate that a range of initiatives should be undertaken. These have not been developed in a systematic way so far: no innovation-orientated organizational development programme was created, which prevented the strategy from having its expected results. The reasons for the modest influence of the Innovation Strategy are explained below: they extend beyond issues related to the lack of implementation efforts so far.

D. Reasons for Low Influence

210. The Innovation Strategy is a confirmation of IFAD's approach rather than a path-finding document. Accordingly, the strategy lacked attraction power in the sense it did not excite members of staff and partners. Documentary analysis found that the major proposals in the strategy had almost all been suggested previously. The Innovation Strategy was not innovative!

211. The stated definition of "innovation" is open to multiple interpretations. An enormous variety of initiatives have been described as "innovative" in IFAD documentation. Lack of clarity about the core concept hindered the development of an integrated organizational approach to the management of innovation. Accordingly, there is a lack of tools, processes and skills that would help to upgrade innovation as a results-orientated process.

212. There is an over-emphasis on ideas. Innovation is not about creativity alone: innovation is about exploiting the benefits that flow from new ideas. Hence, many of the challenges in delivering innovation relate to an ability to execute. This aspect of innovation is not developed in the strategy.

213. By adopting exclusively a "let a thousand flowers bloom" model to promote innovation, IFAD's organizational development was directed only towards the specific organizational competences relevant to this limited model. These competencies were ill suited to rapid progress on a selected few "innovation big bets" that may have greater potential to achieve IFAD's desired goals for innovation.

214. The strategy did not help IFAD to develop formal mechanisms for selecting high-potential opportunities that needed to be isolated and given special attention. IFAD did not have a high-level innovation agenda in the form of a list of themes where innovation was most needed. It is known that major innovations require intensive and focused effort – and special development pathways – but there were no mechanisms proposed for developing these or for achieving a "great leap forward" in IFAD's ability to increase significantly the numbers of poor people who could benefit from new ideas.

215. The strategy did not chart a way forward to a comprehensive and understandable plan as to how IFAD would acquire the capabilities that it lacked. There was no assessment of priorities for competency development. No procedures for measuring the existing level of required competences were suggested. No targets were given. The issue of incentives was not addressed.

216. Even though the first innovations evaluation in 2000-2001 clearly noted that IFAD's capabilities in scaling up were weak, there were no proposals as to how the specialized capabilities required should be developed. This was also reiterated by IEO in its written comments on the strategy to the Board when the Innovation Strategy was considered for approval in September 2007.

217. It is essential to underline that according to the evaluation, IFAD's main *raison d'être* for focusing on innovations is to ensure their scaling up to achieve a wider impact on rural poverty. This notion was also enshrined in the 6th consultation report, which stated that "the Fund and its partners should continue to facilitate, more proactively, the promotion and dissemination of innovations in rural poverty reduction that are identified by various sources, including the poor themselves, and enable them to be replicated and/or scaled up by other IFAD projects and larger partners". Therefore, the fact that scaling up was not adequately addressed is considered a significant shortcoming of the strategy

218. The six-step innovation-prototyping process described in the strategy suggested that innovations could go through a development process similar to that used in an engineering environment leading to products that could be scaled up. In part, this ran contrary to IFAD's commitment to a development model that emphasized context-specific adaptable and integrated

interventions. There is some ambiguity as to the fit between IFAD's focus on scaling up – that it be based on achieving benefits from standardization – and IFAD's broader development model, which emphasises participatorily developed and highly localized solutions. This a major future challenge facing IFAD.

219. The strategy noted the importance of knowledge management for ensuring success in the promotion of innovation and their scaling up. Various promising initiatives in knowledge management have been undertaken in the past 2 years,⁶¹ even though project-level monitoring and evaluation systems which are essential for IFAD's knowledge management activities remain broadly weak. Knowledge management was actively championed since 2008, but the same cannot be said about innovation. Moreover, the reality is that the two processes (innovation and knowledge management) – which are mutually reinforcing – have not been sufficiently linked to each other in the past. In this regard, the recent decision of the Senior Management to integrate IFAD's stand alone knowledge management and innovation strategies into one process, and to ensure their effective implementation by April 2010 is an appropriate and timely step forward.

220. The role to be played by IMI or subsequently by ISG in the implementation of the Innovation Strategy were clearly stated but unachievable with the resources available. An internal change team (the proposed ISG, which was not established) alone could not develop and embed a range of competences in an organization driven by line management. In fact, the evaluation believes that the responsibilities intended for the ISG were ambitious, especially given that the promotion of innovation in a cross-organizational function cannot be left to one group to facilitate. The innovation network could also not be formed given that the ISG was never constituted. The evaluation found that it would be essential for line management to own the implementation of the strategy. The “let a thousand flowers bloom” model of innovation advocated in the strategy and promoted earlier by IMI was an incomplete model for IFAD because it failed to focus innovative energies and resources where they were most likely to lead to breakthroughs. The strategy did not help IFAD to develop mechanisms for selecting high potential opportunities that need to be isolated and given special attention. It is possible that the role for ISG suggested by the strategy could prove to be a distraction, because it would absorb IFAD's energies in numerous initiatives to implement the “let a thousand flowers bloom” approach and divert it from taking “big bets” on a few initiatives with high potential to make a major contribution to the alleviation of rural poverty.

221. As stated in the Innovation Strategy and mentioned above, commitment by senior management would be required to drive implementation forward. A member of the senior management team (the then Assistant President of EAD, was assigned to be the champion for the implementation of the strategy, but the responsibilities were not discharged effectively. The evaluation questions whether it was appropriate to designate the Assistant President of EAD as the innovations champion, given the mandate of that department and corresponding functions of the Assistant President. The evaluation notes the recent decision of the designation of IFAD's Chief Development Strategist as champion for Knowledge Management and Innovations, who is in a better administrative position to fulfil the requirements. Among other issues, he has the important role of supporting line management and staff (especially in PMD) and fostering a culture towards ensuring that knowledge and innovation processes are adequately embedded across the organization. The latter is essential to ensure success in the promotion of innovations and their scaling up.

⁶¹ For example, IFAD established a knowledge management core team under the leadership of the then Vice President in 2008; a knowledge management communities of practice was also set up the same year. IFAD organized a knowledge management launch initiative in 2008 to raise awareness about the importance of knowledge management, to create space for dialogue and learning from each other, and to stimulate horizontal collaboration across divisions and departments. A knowledge fair on community driven development to share experiences from Africa was organized in 2009. These are some of the initiatives that illustrate the efforts made by IFAD to systematize knowledge management activities within the Fund.

222. In general, therefore, the evaluation concludes that the relevance of the innovation strategy has been moderately satisfactory, and that it did not have a significant impact in steering the Fund towards becoming a more agile organization in promoting innovations. Also, the strategy was not adequately implemented, with limited support from the senior management at the time.

Key points

- ❖ The Innovation Strategy was useful as it articulated why innovation is important, why IFAD needs innovation and provided a definition for innovation.
- ❖ The strategy did not however contain anything new, and did not pay sufficient attention to scaling up and the linkages between innovation and knowledge management processes. The current decision to integrate IFAD's stand alone knowledge management and innovation strategies into one process is a move in the right direction.
- ❖ The strategy promotes a broad based approach to innovation, rather than encouraging a focus on selected areas of IFAD's comparative advantage, specialization and track record. It also did not articulate how the strategy would affect other levers of the organization.
- ❖ The implementation of the strategy has been inadequate and did not benefit from the necessary senior management commitment.
- ❖ The evaluation notes the recent designation of IFAD's Chief Development Strategist as the new Knowledge Management and Innovations champion, who is in a better administrative position to fulfil the requirements. Among other issues, he has the important role of supporting line management and staff (especially in PMD) and fostering a culture towards ensuring that knowledge and innovation processes are adequately embedded across the organization.

VII. SCALING UP SUCCESSFUL INNOVATIONS: THE FUTURE CHALLENGE

A. Scaling Up in Design and Implementation

223. The most successful innovations are those that deliver the greatest benefits to the greatest number at an affordable cost. From IFAD's perspective, this means making a substantial impact on rural poverty for the masses. IFAD's aim, therefore, is to facilitate the widespread adoption of innovations that offer real advantages. This is a challenging task in itself. The spread of micro-finance provides a case study of how ideas are developed and diffused. Four factors are important for diffusion: (i) the new idea must deliver benefits that were previously unavailable; (ii) it must be transferable; (iii) it must be adopted actively; and (iv) it must continue to adapt or evolve. In this case the method of micro-finance was in part spread intentionally facilitated by advocacy, organization, frequent experimentation, political support and adaptation to local conditions.

224. As recognized in various parts of the report and corporate strategic documents, the need to scale up successful innovations has long been recognized by IFAD. It is also a key dimension of the optimization phase of the innovation journey. The Innovation Strategy states that "... effective scaling-up is a key measure of successful innovation". The Strategic Framework for 2007–2010 asserts that "... innovation without scaling up is of little value". The emphasis on scaling up is evident with a systematic increase in strategic documents since 2003. But this was not fully reflected in country programmes. Almost all the evaluated projects had no clear design objectives or strategy for scaling up, nor were resources and capacity-building directed to this purpose. There was limited evidence of the supportive role of supervision by cooperating institutions in replication and scaling up before the recent surge in direct supervision. Systematic work to disseminate innovations in-country to scale them up were not common, nor were those aimed at the cultivation of strategic partnerships for scaling up.

225. The evaluations reviewed attributed the limited success of scaling up to: (i) inadequate attention to non-lending activities such as policy dialogue, knowledge management and partnership building; (ii) poor synergies between grants and loan-funded projects; (iii) limited IFAD country presence, and only recent engagement in direct supervision and implementation support; and (iv) inadequate

capacity, and funding constraints within governments, in particular weak monitoring and evaluation systems at both the project and country levels. Monitoring and evaluation systems are essential for documenting experiences and learning successfully piloted innovations, which is a key step in the scaling up process. Moreover, the absence of a systematic IFAD approach to involve large IFIs and the private sector was often reported as another important limitation. Few projects provided clear evidence of having processes and mechanisms in place and resources allocated for this purpose as well as evident indication of actual scaling up of some of IFAD's successful innovations.

226. Of the new design documents, 60 per cent express scaling up as a hope for the future and do not include a specific strategy for the purpose. For example, there is no evidence of partnerships or resources committed for scaling up initiatives. Only 20 per cent of the project designs reviewed showed a systematic intention to scale up through assessment and the selection of partners. Provisions for scaling up were not evident in the remaining 20 per cent of the new project design documents reviewed.

227. Nevertheless there were cases where scaling up took place in country programmes, for example linking self-help groups to formal financial institutions in India through the Tamil Nadu Women's Development Project, which was scaled up by the Government of Tamil Nadu and later by the World Bank. Some of the innovations promoted by IFAD were developed on a greater scale by other donors, or were orienting public policies and government initiatives (e.g. IFAD's innovative approaches to promoting participatory small-scale irrigation contributed to the development of the national irrigation policy in Tanzania).

228. However, the evaluation did not find any structured process in place for ensuring scaling up. The latter is mostly unplanned and happens due to a combination of favourable factors during project implementation relating to the visibility of project success, positive partnerships and a favourable policy and institutional environment. This was observed from the meta evaluation as well as in the country visits undertaken. For example, the Dom Helder Project in Brazil, which introduced innovations in irrigation, livestock raising, participatory development planning and gender empowerment, made a major outreach effort and became a reference and an example for other projects and interventions in the North-East of Brazil.

229. The Agricultural Development Project in Georgia promoted an innovative land registration model through the development of efficient land registration and titling services. The scaling up of this model took place through the successful partnership with the World Bank and the European Union; the fact is that IFAD took advantage of the World Bank's strong influence in terms of policy dialogue and the European Union's experience and technical expertise in land surveys and mapping.

230. The Rural Micro-Enterprise Development Programme in Colombia introduced an innovative strategy for poverty reduction through rural micro-enterprises; it was the only operation of the Latin America and the Caribbean Division devoted exclusively to these. The Government adopted the strategy as a major thrust in its national policies for rural development, particularly those in the sub-sectors of rural finance and rural micro-enterprises, and the intervention was identified as a flagship programme by the Ministry of Agriculture.

231. In some cases, IFAD did the scaling up itself in its own programmes with the support of strong institutional partnerships and through long-term programme commitment. In Nigeria, the IFAD supported Cassava Multiplication Programme followed by the Root and Tuber Expansion Programme forged a strong research/extension link whereby the outputs of research by the International Institute of Tropical Agriculture and the Nigerian national research system into the productivity improvement and pest and disease resistance of new cassava cultivars were quickly put into the field, multiplied and made available to farmers. This was a notable example of synergy between IFAD and its national and international partners and of their joint long-term commitment to a specific theme. The effectiveness and impact of scaling up the availability of improved planting material was exemplary, not only in Nigeria but for other countries in West Africa.

232. An important conclusion from the country visit to Tanzania was that despite the successful innovation in rural finance introduced by the IFAD-supported Rural Financial Services Programme in the project area, scaling up – which was not planned in the design – did not take place. National and local governments and the private sector supported scaling up, but the inherent costs, the time taken for the development of each micro-finance institution and the need for a mature regulatory framework were prohibitive constraints at that stage. Scaling up seems, therefore, to have been contingent on follow-up support by IFAD or other donors.

233. In Viet Nam, the designs of none of the two projects visited had expectations or a formal strategy for scaling up. In the Decentralized Programme for Rural Poverty Reduction in the two northern provinces, some small local innovations were being replicated spontaneously by farmers; but the lack of engagement by the provincial government was a barrier to scaling up beyond the targeted communes, and the management structure of the project was not conducive to promoting replication and scaling up because of its isolation from mainstream government processes. Similarly, the more recent Development of Business for Poverty Reduction Programme had no clear pathway for scaling up activities, even though potential for scaling up was much higher. Ownership of this project at the provincial level was strong; the involvement of provincial staff and the way project processes were embedded in government processes suggest that scaling up of successful activities at the provincial level will be ensured in and beyond the project period.

234. The evidence, therefore, shows that scaling up is a neglected issue in project design, implementation and evaluation. This is partly because it is impossible to predict before a lengthy project starts which new ideas could be scaled up. More important are the findings that in most cases processes and resources were not assigned to prepare innovations for scaling up and that the capabilities for managing scaling up were not routinely built into projects and promoted during implementation.

B. Reasons for Modest Achievements in Scaling Up

235. The steps required to prepare innovations for scaling-up were mentioned in IFAD's Innovation Strategy, which also described a six-step prototyping process: (i) clarifying challenges and recognizing situations in which new ideas might serve; (ii) identifying potential solutions and resources; (iii) identifying solutions to pilot; (iv) testing potential solutions; (v) assessing the effectiveness of prototypes; and (vi) developing a repertoire of innovative ideas in development that can be applied to other challenges. It should be borne in mind, however, that the final step is not a plan for scaling-up: it contributes to a repertoire of ideas that can be applied elsewhere. Nowhere in IFAD's documentation can a comprehensive description be found of the processes, monitoring instruments and indicators needed to manage scaling-up.

236. The ability to maximize benefits from innovations through scaling up is a sub-set of the dynamic competence in innovation that IFAD is seeking to develop but so far it is apparent that scaling up is an IFAD ambition without a plan to develop the relevant approaches and capabilities:

- At the strategic level IFAD stressed the crucial importance of scaling-up, but so far no realistic scenarios have been provided as to how the competency will be deployed in practice.
- There are no metrics available that indicate what success in scaling up would mean for IFAD.
- Promoting scaling up are responsibilities of CPMs and country teams, but no specialist resources are available to facilitate the process.
- No systematic assessment of the scaling up competency in IFAD has taken place and there is no requirement to develop it.
- There is no plan to develop IFAD to make it able to scale up innovations effectively.

- Although there are no corporate metrics for assessing IFAD's capability in scaling up, it is considered in IEO evaluation methodology but is not separately rated.

237. The lack of a programme to develop relevant capabilities for scaling up was identified in the 2000–2001 evaluation of innovation as a key issue, but little has been done since then to develop the required capabilities. Of particular importance is the lack of specific budget allocations for scaling up. Major increases in scale require more than plans: they require product simplification and standardization, quality control, organizational changes, new partners and specialized resources. Without specific funding and resources, systematic scaling up is difficult or impossible.

C. Requirements for Scaling Up

238. The evaluation concludes that innovation for IFAD will be of limited value without scaling up, and the government, the private sector and co-financiers (especially the international financial institutions) are essential partners in this process.

239. There has recently been a surge of international interest in approaches to increasing the scaling up of successful interventions for sustainable socio-economic development. There is widespread recognition that large-scale adoption of new ideas is complex and demanding, but also that it is central to the positive and sustainable impact of development aid. A well defined approach to scaling up has begun to emerge that clarifies the capabilities and processes required to improve the chances of success. Prominent in this is the recent work of Hartmann and Linn (2008) at the Wolfensohn Centre for Development on scaling up through development aid, based on a review of the literature and practice of scaling up development interventions: it provides a useful basis for preparing for scaling up innovation, and it sets out ways to address a number of the shortcomings referred to earlier in IFAD's current approach to scaling up. It can be summarized as follows:

- What should be scaled up? Should a project, programme or policy be scaled up? And if so, how far and for how long? Lack of economies of scale, quality/scale trade-offs and institutional constraints might limit the scaling up.
- How to scale up. Scaling up takes time, often as much as 10–15 years. The long time horizon means that scaling up needs to be perceived as a systemic process, not a short-term interest. Experience with successful scaling up programmes shows the importance of long-term commitment by institutions, donors and individuals.
- Vision for scaling up. This should be developed while the first phase of a programme or pilot is being put in place. Pilots should be designed in such a way that they can be scaled up if successful.
- Drivers. Scaling up is a dynamic process that needs people and systems to develop it. Ideas and innovations that stimulate and meet peoples' needs and demands are essential for any process of social change, and for scaling up in particular. The process needs leadership and a champion.
- Space to grow. Fiscal and financial space are needed to support the inevitably higher expenditures; political space is required to mobilize supportive constituencies and neutralize opposition; policy space is needed to ensure that potential policy obstacles are identified and removed; institutional space is required with institutions willing or able to create and operate the larger programme with adequate human resources, skills, managerial processes and incentives to overcome bureaucratic inertia; cultural space is needed to ensure that programmes in one community also fit culturally in others; partnership space that allows external and internal partners to support a programme with various resources is a requirement; and learning space is needed in which M&E feedback ensures that programmes are adjusted as they grow on the basis of lessons learned.

240. Overall, activities related to scaling-up are being undertaken in IFAD on a piecemeal basis, though sometimes with substantial success. Scaling up is resource-intensive, but mechanisms for funding such activities are weakly developed. Insufficient time is allocated to scaling up, and those who could be agents promoting it such as CPMs are expected to concentrate on the development of new and innovative projects and cannot not invest adequate time for promoting scaling up or other forms of diffusion. IFAD's incentive structure does not reward success in scaling up. The selection of proven ideas that are candidates for scaling-up is handled at the operational level. IFAD does not have a portfolio of ideas worthy of scaling up for widespread adoption, and such ideas are not managed separately. Since 2009, IFAD has been collaborating with the Wolfensohn Center for Development at the Brookings Institution for a review of the Fund's approach to scaling up successful innovations in support of rural poverty reduction. This is a good example of the Fund's commitment to develop the required processes, resources and competencies for scaling up.

Key points

- ❖ Innovation without scaling up is of limited value for IFAD
- ❖ Even though the need to scale up innovations has long been recognized by IFAD, it is not adequately built into country programmes.
- ❖ While there are some examples of successful scaling up, the resources allocated for the purposes are insufficient and staff skills are not adequate for the purpose. Up scaling has largely occurred in an informal and unsystematic manner largely due to individual initiatives.
- ❖ Partnership with governments, the private sector and co-financiers (especially the international financial institutions) is of paramount importance for scaling up.

VIII. BENCHMARKING INNOVATIONS: IFAD AND OTHER ORGANIZATIONS

241. The analysis in this chapter draws upon building block (vii), which entailed the undertaking of a benchmarking study. The aim of the study was to position IFAD in the spectrum of comparator agencies to gauge similarities, differences and common challenges and to derive pointers for potential learning. The main selection criteria for identifying comparator organizations were: (i) relevance of innovation for the organization; (ii) diversity of institutional background: the selected sample should include United Nations agencies, IFIs, bilateral aid agencies and NGOs; and (iii) easy access to the organization. Of a group of ten organizations initially considered, the following were included in the benchmarking study:

- Hivos – NGO;
- IDRC – research institution;
- Irish Aid – bilateral agency;
- UNIFEM – United Nations organization; and
- The World Bank – IFI.

242. The organizations vary in size: the World Bank is the largest, followed by IDRC, UNIFEM, Irish Aid and Hivos. The methodology for the benchmarking exercise includes reviewing literature from these organizations about their experience in promoting innovations as well as semi-structured standardized teleconference interviews with key persons in the respective agencies. The investigation covered the following aspects of innovation: definition, strategic orientation, innovation processes, partnership, implementation and risk and mitigation.

243. **Definition.** Unlike IFAD, none of the agencies have adopted an explicit formally documented definition of innovation, with the partial exception of UNIFEM. There is no agreed definition of the term, which is understood differently in different organizations; but a fundamental aspect of innovation – the notion of novelty – is acknowledged by all the organizations consulted. For example in assessing the submissions for its Development Marketplace – a global competition that provides

grants for the early stages of innovative projects – the World Bank aims to ensure novelty by including experts from all over the world. UNIFEM has set out a working definition of its “catalytic role” in bringing about change, which is presented in its Strategic Plan for 2008–2011. But all the organizations have some reflections in their strategic documents on the prerequisites for being innovative, for example openness with respect to structures, the need to put ideas into action by not penalizing risk taking and setting the right rewards, the need for constant engagement with partners, the importance of shared institutional understanding, the importance of management support and the crucial role of specific individuals as champions of innovation.

244. **Strategic orientation.** Unlike IFAD, none of the five organizations has developed a stand-alone innovation strategy – but all acknowledge the importance of a strategic orientation to promote innovation, which is reflected in their strategic and policy documents. The mandates of IDRC and UNIFEM – the IDRC Act passed by the Canadian Parliament and UNIFEM’s mandate as established by the United Nations General Assembly – contain clear references to innovation. In Hivos, innovation is one of the underlying policy and working principles: “Hivos values the driving force and inspiration of innovation, it creates room for the new and the unknown, and takes calculated risks” (Hivos 2002a, p. 16). Irish Aid has a number of references to innovation and innovative approaches in its White Paper on Irish Aid. In UNIFEM, the influence which triggered interest in innovation came from an external evaluation; in the World Bank it came from pressure from member countries; in Irish Aid it came from the shift to a programmatic approach to aid. For the World Bank, extensive consultations with internal and external partners triggered the ongoing strategic reorientation with respect to innovation: it was argued that the World Bank needed to build on its comparative advantages in knowledge by capturing it in “frontier issues” in order to stay ahead. As a first response the World Bank set up a new separate entity in the World Bank Institute (WBI) that focused on innovation.

245. **Knowledge management.** A cornerstone of innovation, knowledge management has been identified as “challenging” in many of the organizations consulted. Unlike IFAD, none of the organizations have a stand-alone knowledge management strategy; but all of them are redesigning their approach or have recently done so. Some systems for the exchange of information, documentation and knowledge are in place, but it seems that they could be utilized better. The new innovation entity in WBI will be responsible for external knowledge management. Identifying and setting up tools to scan more effectively for innovations and scaling up will be a major task of WBI in future.

246. **Innovation process.** None of the organizations consulted uses a specific model or process for innovation. On the basis of the review of documents, however, it is evident that UNIFEM focuses mainly on identifying and catalyzing innovative approaches. The World Bank’s Development Market Place supports the first phase of an innovation process, but no more. Hivos and IDRC indicate that they are subscribing to a more systemic approach. All the agencies, however, stress the contextual nature of innovation and state that it is not possible to work with a single perspective because innovation is defined by its context and many different entry points, institutions and partners are involved. All the agencies stressed the importance of resources and appropriate financial instruments to promote innovation, in particular the combination of grants at the initial stages and capital market borrowing in later stages.

247. **Human resources.** All the agencies recognize that human resources are the key to an organization’s innovative capabilities. Hivos and IDRC stress that they are employing people with an original mindset who can “think outside the box” and who are innovators by nature. But limited use is made of individual incentives specifically to promote innovations. In Hivos, outstanding or innovative people are mentioned in internal communications, and there is a sabbatical leave policy to promote learning and experimentation. IDRC has a mechanism that links salary increases to individual staff performance on the basis of an intricate but transparent assessment process.

248. **Internal culture.** The small size of Hivos and UNIFEM is a strong motivation to innovate, as in IFAD. For Hivos, IDRC and UNIFEM innovation is a central element of institutional identity that is reflected in their internal cultures. All three state that their staff are aware of the role of innovation in the institution, and that many joined because of this reputation. Although innovation is a major element in Hivos and IDRC, both state that innovation should not be practised for its own sake but to achieve better outcomes; the same idea is expressed by Irish Aid. There is agreement that flexibility in the form of non-bureaucratic procedures, openness and flat hierarchies is conducive to innovation. A culture of open discussion characterizes these institutions: it is promoted by learning sessions, debates and an iterative approach to project planning and management. Hivos is also flexible in dealing with partners in that it does not demand logical frameworks or annual reports in specific formats. IDRC, Hivos and UNIFEM have institutionalized regular reviews during which staff are encouraged to share new approaches and experiences; UNIFEM's "Safe Cities" project was identified during such a session. In short, Hivos, IDRC and UNIFEM have managed to create cultures favourable to innovation and have gained a reputation for being innovative without formal frameworks. None of the organizations denied the importance of achieving results, but some were critical of an exclusive focus on results. Results-based management was referred to negatively by some interviewees in that it does not leave room for innovation because of its exclusive focus on quantitative results. One interviewee commented that "a blind focus on targets does not promote innovation." Of the organizations reviewed, only the Irish Aid evaluation policy refers specifically to innovation.

249. **Instruments.** The organizations consulted use a variety of instruments at different levels to promote innovation. UNIFEM manages the United Nations Trust Fund to End Violence against Women, which awards in-country grants through an annual competitive process that focuses on supporting the implementation of national policies, legal frameworks and action plans. The World Bank's Development Market is a competitive grant programme that aims to identify innovative projects in various fields; recipients are usually social entrepreneurs, NGOs or small emerging firms. In all Irish Aid's country programmes there is a "process fund" to find out whether and how new ideas can work, and to document their effects. IDRC has set up synergy grants that are used to explore windows of opportunity or new ideas that emerge during a project. The usefulness of competitive support for innovative approaches seems to be limited if experiences are not followed up systematically and cannot be fed into an organization. UNIFEM is currently undertaking an evaluation of the trust fund with the aim of improving understanding its effects.

250. **Partnerships.** As with IFAD, engaging with a diversity of partners is crucial for the organizations consulted in the areas of learning and scaling up. The type of partner varies, largely according to the organization's background. UNIFEM's main partners are other United Nations bodies, particularly UNDP, and governments. The World Bank's main partners are governments and private sector entities. Other agencies have a more diversified approach to partners: Irish Aid, for example, has one of the largest NGO programmes among bilateral donors, and meets twice a year with the NGOs. New partnerships approaches are sought such as IDRC's attempt to integrate policy-makers into research projects. When Hivos and IDRC select new partners, their track records and reputations with respect to innovation are a decisive factor, and they invest a good deal of time in accompanying and improving their partners. IDRC has a special division to manage its partnerships, which are a cornerstone of its work. Hivos does not support partners for longer than ten years, and staff are required to bring in new partners regularly. All these measures help to maintain diversity and openness.

251. **Scaling up.** There is no agreement about the definition of scaling up. It is seen as closely linked to innovation, sometimes overlapping with it. The organizations stressed that scaling up does not usually take place because it would require large resources. In Hivos and IDRC, prospects for scaling up depend on partnerships and the nature of the projects. In Irish Aid, which is predominantly active in countries with national poverty reduction strategies and sectoral approaches, scaling up is part of the aid effectiveness agenda. UNIFEM "... does not take responsibility for replication and 'up-scaling' ..." but scaling up is done by its partners, with UNIFEM taking a catalytic role. The World Bank Development Market does not make systematic use of scaling up potential: it provides funding

“at the spark level”, leaving the anticipated incubation phase to other funders. In its country programmes, however, the World Bank scales up successful interventions with country partners in view of its large size.

252. **Risk and mitigation.** All five organizations see themselves as risk takers and early movers. Hivos and IDRC state that they support risky partnerships and that a percentage of failure has to be expected, but failures are thoroughly assessed for learning purposes. Failure is often about not achieving planned results, which poses a question as to the relationship between innovation and results. There is broad agreement that results are important and that innovation needs to be linked to results. But that there are various ways to understand the term results: they should not be merely defined as targets, but understood broadly in the context of the chain of expected results from innovation. Hivos, IDRC and UNIFEM do not currently have a risk-management strategy in place, but they are all in the process of formulating either a strategy or a formal risk-assessment model. The World Bank’s Development Impact Evaluation initiative is used to reduce risks. Irish Aid identifies an additional perspective from its focus on programmatic approaches: providing aid in cooperation with others always means that others assess the same situation and that risks are shared in this context. All the agencies have similar conservative views on innovation, with expected success rates ranging from 20 per cent to 35 per cent; another 30 per cent of innovations have the potential to be successful.

253. On the basis of the foregoing analysis it is possible to position IFAD approximately with respect to the other organizations in Figure 5. The graph simply differentiates formal/explicit characteristics and informal/implicit elements of innovations. Table 13 shows the evaluation’s scoring of some of the main elements considered in benchmarking to determine the relative position of IFAD. As can be seen, IFAD’s relative position is quite high, particularly on the formal side.

Figure 5. Positioning of IFAD with Respect to Other Agencies

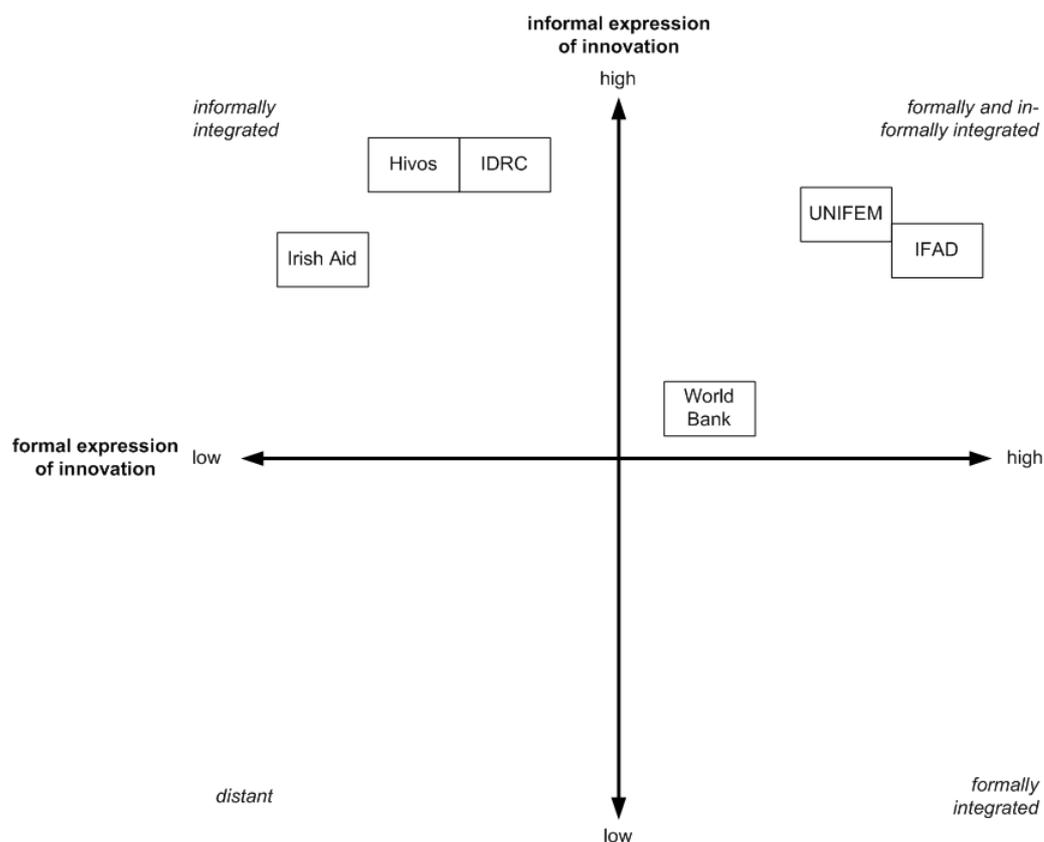


Table 13. Possible Indicators for Formal and Informal Aspects of Innovation

	Hivos	Irish Aid	IDRC	IFAD	UNIFEM	World Bank
Formal aspects	Explicit definition	no	no	no	yes	n/a
	Availability of innovation strategy	no	no	no	yes	no (in prep?)
	Systematic integration into key documents	yes	no	yes	yes	n/a
	Consciously initiated approach to innovation	no	no	no	yes	yes
Informal aspects	Element of identity	yes	yes	yes	yes	n/a
	Innovation culture	yes	yes	yes	no	n/a
	Favourable procedures (flat hierarchy, decentralization etc.)	yes	yes	yes	no	(no) n/a (no)

Key points

- ❖ Compared with the other organizations in this benchmarking study, IFAD's relative position is quite high though more on the formal side of innovation strategic guidance. This is substantiated by the fact that it is the only organization in the study that adopted an explicit definition of innovation and documented innovation and knowledge management strategies.
- ❖ None of the organizations uses a specific model or process of innovation, but all stressed the contextual importance and multi-stakeholder nature of innovations and the importance of resources and appropriate financial instruments to promote it.
- ❖ The human resources are considered key to an organization's capabilities to promote innovations that can be scaled up. But limited use is made of individual incentives specifically to promote innovations.
- ❖ Engaging with diverse partners in new ways is crucial for promoting innovations in all the organizations. Although scaling up is seen as closely linked to innovation, there is no agreement about its definition.
- ❖ All organizations recognize that innovation entails risks and that failure is not uncommon.
- ❖ A focus on quantitative results and targets may limit an organization's capacity to promote innovations.

IX. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

254. The extent of rural poverty in developing countries is widespread, and IFAD is a relatively small development actor given the level of resources at its disposal in relation to the magnitude of the problem that needs to be addressed. The situation is further compounded by continuous new challenges, such as most recently those related to volatile food prices, climate change and other environmental concerns, and trans-national epidemics. In this context, with a mismatch between the magnitude of poverty and resources available to IFAD but also to the development community at large to address the plight of the poor, innovations offer an opportunity through which multiplier effects can be achieved to reduce rural poverty. To this end, IFAD is favourably positioned to becoming a global leader, given its long history and commitment to innovations.

255. The Fund has made steady progress in the past decade towards becoming an organization focusing on innovations in agriculture and rural development. The centrality of promoting innovations, and their replication and scaling up was recognised by IFAD in its Vision statement of 1995. It has developed dedicated strategies on innovations and knowledge management, and launched a specific initiative to mainstreaming innovations. Many of its key corporate documents - such as the Strategic Framework for 2007-10 and the final reports adopted by member states following the 5th and 6th replenishments – further articulate and are additional examples of the Fund's commitment towards promoting innovations.

256. The situation on the ground in terms of results is however more mixed. The performance of IFAD-funded projects has steadily improved in promoting innovations. The ARRI revealed that just around 60 per cent of the projects evaluated by IEO in 2002 were moderately satisfactory or better in terms of innovation, whereas 100 per cent of the projects evaluated in 2008 had a moderately satisfactory or better performance. The steady improvement is commendable. However, it is to be noted that close to half of the projects evaluated reveal merely moderately satisfactory results in innovation and scaling up is particularly weak. But the problem is not just with scaling up: the evaluation concludes that IFAD's approach to the innovations journey, which includes the critical steps of searching (or scouting), exploring, committing, realising (piloting), and optimising (scaling up) is not yet systematic and effective as it should be. Far too much is left to the initiative and individual entrepreneurial skills of CPMs, who act without concrete incentives and accountability.

257. There are a number of organizational capabilities that are required to support the innovation journey. These include the need for systematic learning, structure and processes, culture,

competencies including staff skills and incentives, decision-making, and leadership and direction. These capabilities were recognised as weak by the 2000/1 innovation evaluation. Likewise, this evaluation found that the third and probably the most important IMI objective on changing organizational culture and practices to support innovations has largely not been met. The evaluation therefore points out that IFAD's organizational capabilities still remain generally weak and has only changed marginally since the beginning of the decade. This is in fact to say that the Fund's strong strategic commitment and pronouncements towards innovation have not been adequately converted into action and become part of IFAD's corporate culture.

258. Based on a staff survey implemented in 2009, IFAD remains in the lowest quartile of the 43 organizations that have been surveyed using the same questionnaire, although its rank has improved by five places. The survey also reveals more generally that staff perceive IFAD to be relatively strong at searching or scouting for innovations, but weak in prioritising innovations to promote and scale up. The evaluation noted that some key operational processes (e.g., quality enhancement and quality assurance) have been strengthened, but human resource skills and incentives are not in place to promote innovations. Training opportunities are limited and additional resources for pushing promising innovations are not easily available. The survey also found that managers are not prompt in dealing with blockages (e.g., in terms of identifying additional resources needed for scaling up) that may hamper change. IFAD's knowledge and information systems are not strong in enabling effective decisions about which innovations should be selected for scaling up. Also, IFAD lacks speed in taking new ideas through the system and, importantly, the Fund is insufficiently open to ideas from a wide diversity of sources, including the rural poor themselves. All these and other factors are constraining IFAD from developing into a more effective innovative organization.

259. The evaluation found that IFAD has followed a broad-based innovation approach ("let a thousand flowers bloom"). This metaphor is a reflection of both the commitment of the member states and the management in enshrining innovations as a key principle of engagement in IFAD-funded operations, but at the same time, illustrative of the fact that the innovation promotion has not been pursued in a focused manner. That is, the Fund has pursued innovations in a variety of topics, rather than focusing on few critical areas or domains, where there is a documented need for innovative solutions and where the Fund has a proven capability and track record to develop pro-poor innovations successfully. While the evaluation agrees that the Fund needs to allow "a thousand flowers bloom", especially in order to harness the creativity and energies of the rural poor and other partners in borrowing countries, a more systematic and co-ordinated approach that focuses on few innovation domains is warranted to the identification, piloting and scaling up of innovations. Likewise, IFAD's innovation strategy did not require the Fund to focus its innovative energies and resources in selected areas, neither did it chart a way forward for IFAD to acquire the required capabilities (e.g., in terms of structure, systems, skills, staff, shared values) to become an innovative organization.

260. The evaluation also concludes that the Fund is devoting relatively more attention to and found success in introducing innovative solutions in social engineering and institutional arrangements (e.g., promoting participatory approaches to planning and resource allocation) than in agriculture. Although IFAD has provided a fair amount of grant resources for agricultural research to develop innovative low-cost agriculture technology that can lead to better productivity and incomes, the results of such research has not found its way easily into investment projects funded by IFAD. The relatively greater focus on social engineering and institutional innovations may be attributed to the fact that in the 1990s and first part of the new millennium, on the whole, IFAD devoted more attention to social capital formation and empowerment, rather than to agricultural activities and identification of related economic opportunities for the rural poor.

261. The IMI had an important role in mainstreaming innovations in IFAD. The introduction of the IMI was a clear illustration of the Fund's commitment towards mainstreaming innovation. Two of the three IMI objectives – strengthen innovation in IFAD operations and increase learning and sharing on innovation – were broadly met, but not the third important objective of contributing to changing

organizational culture and practices in support of innovations. The staff survey conducted in the context of this evaluation highlight that, among other issues, the lack of time, limitations in financial resources, and organizational blockages (e.g., the need to prioritise the commitment of new loans, rather than supporting the implementation of innovative projects) constrained their ability to effectively contribute to fulfilling IFAD's innovation objective. Finally, the main instrument used by the IMI was grant funding for small innovative projects, but their linkages (as is the case of IFAD's regular grants programme) to the country programme objectives has been inadequate.

262. The evaluation underlines that innovation alone cannot achieve a decisive reduction in rural poverty. For broader impact, it is critical that innovation at the local level becomes a lever for change on a larger scale. Therefore, attention to replication and in particular to upscaling is essential to ensure a wider impact on rural poverty, for example, in terms of the numbers of poor people that can be reached or the expansion of specific development activities to cover a greater geographic area. There are examples of innovations that have been successfully scaled up by Government and other donors, but the evaluation concludes that these have been possible largely due to individual initiatives and commitment, rather systematic processes in the way IFAD operates. This casts an important question mark on the ultimate usefulness of the innovations introduced in IFAD-funded operations, given that as recognised by IFAD's Strategic Framework 2007-10, scaling up is essential for achieving a wider impact on rural poverty. A further reason is that limited attention and resources were devoted to replication and upscaling in COSOP formulation and project design and implementation, as compared to the scouting and piloting of innovations. This may also be due to the lumping at IFAD of innovation, replication and upscaling as a unique concept –which though inter-related and mutually reinforcing – are distinct aspects in the innovations journey that require dedicated resources, approaches and attention. Weak monitoring and evaluation systems at the project and country levels limit IFAD's capacity to document and learn from successful innovations, and therefore is another constraint for scaling up.

263. There are two further reasons that can explain why IFAD's performance in upscaling has been inadequate in the past. Firstly, the attention devoted to non-lending activities (including knowledge management, partnership building, and policy dialogue) has been generally poor. Knowledge management is important, in order to capture and share the lessons and experiences from projects where innovations have been successfully implemented and achieved favourable outcomes. Partnerships with a diverse range of development actors are critical for all key phases of the innovation journey, including scouting, piloting and upscaling. Policy dialogue also is necessary, with the aim of ensuring buy-in among those development partners who potentially have the resources and capabilities to replicate and upscale innovations successfully experimented in IFAD-funded operations. In general, the evaluation notes that there was limited attention to non-lending activities in the past, partly because IFAD mostly concentrated its efforts in designing (and more recently in undertaking direct supervision and providing implementation support) investment projects and programmes, instead of allocating time, space and resources towards non-lending activities. Secondly, the Fund's operating model in the past – which did not allow IFAD to conduct direct supervision and implementation support and the lack of country presence- restrained its ability in promoting innovations, including scaling up.

264. In any case, it is fair to highlight that IFAD has in the recent past recognised the importance of upscaling, and due efforts are being deployed towards this end, including through an upscaling initiative in collaboration with the Brooking Institution. Moreover, the strengthening of country presence, better quality assurance and quality enhancement systems, direct supervision and implementation support, as well as increasing focus on non-lending activities are expected to collectively contribute to deeper results in scaling up, but also in terms of identifying and piloting innovations.

265. As mentioned above, learning and knowledge management is required, among other reasons, to document and share with a broader audience innovations successfully tested on the ground. While it is to be recognised that IFAD introduced a dedicated knowledge management strategy in 2007 and some

useful initiatives have been made to share experiences in the past two years, knowledge management can be further strengthened to support innovations within IFAD-supported country programmes and projects. The innovation survey revealed that one specific area that has received insufficient attention is cross-fertilisation of experiences on innovations across divisions and departments, and learning from external sources has also been limited. The recent decision to integrate the stand alone knowledge management and innovation strategies is a step in the right direction, given that the two processes are mutually reinforcing and essential for innovation management. In sum, the evaluation concludes that in the past the Fund had not devoted the required attention to knowledge management and its linkages with innovations, but recent efforts and decisions are appropriate and need to be sustained in the future.

266. On another issue, the evaluation reveals that there is inadequate amount of resources that are specifically allocated to the innovation promotion process, as well as the usage of existing instruments that are required for the purpose. Notably, few resources and efforts have been devoted specifically towards building IFAD's internal innovation capabilities. The main instruments available to IFAD (loans and grants) have not been used in a complementary and strategic manner in support of innovations.

267. In tandem with loans, grants can play a useful role in selected phases of IFAD's innovation journey. For example, grants at times are more appropriate than loans for developing new agriculture technologies or for piloting new methods for gender mainstreaming in traditional societies, which can later be upscaled either through IFAD loan-funded activities or by other partners. Grants are important also because Governments at times are reluctant to take loans from IFAD for projects and programmes that focus on innovations, as they may not bear the desired results in the end.

268. IFAD has invested a fair amount of grant resources towards developing pro-poor innovative solutions in agriculture and related areas. However, although IFAD's grants programme can potentially play a strategic role in supporting the innovation agenda, evaluation experience underlines that the linkages between grants and investment projects have not been adequately defined in COSOPs and therefore have been mostly weak in operations. It is however noted that IFAD has recently (2009) introduced a new grants policy which, among other issues, emphasises the strategic role of grants in innovation and also provides, for the first time, an opportunity to involve the private sector that can undertake research and pilot innovations to be replicated and upscaled through investment projects.

269. In general, in IFAD there is a disconnect between strategic pronouncements and the still weak institutional capability to promote pro-poor innovation on the ground. However, progress has been undeniably achieved and a number of appropriate initiatives (such as the one on scaling up) are in place. If IFAD is to become a more effective and agile innovation-driven development organization in the 21st century and, more so, if it aspires to become a leader in the promotion of pro-poor innovations, it would need to make a quantum jump in particular in terms of organizational culture change and capabilities. It will also need to use its "*let a thousand flowers bloom*" broad-based approach within few strategic innovation areas. However, the evaluation recognizes that the Fund needs to also remain open to promoting innovations at the country/project level that respond to perceived challenges related to agriculture and rural development of the specific country circumstances. It will also need to concentrate its attention more than in the past on the process of scaling up. Clearly, this would not be possible without a commensurate allocation of resources for the purpose.

B. Recommendations

270. The following recommendations aim to improve IFAD's capabilities to move from its strong strategic commitments and pronouncements towards more systematic and better results on the ground in promoting pro-poor innovations, which can be ultimately scaled up.

271. Define an innovation agenda for IFAD. The evaluation found that the Fund followed the "let a thousand flowers bloom" approach to promoting innovations in the past. This approach has not, on the whole, led to the desired results and IFAD cannot afford to continue spreading its innovation efforts thinly - given its relatively limited level of resources and capacities. The evaluation agrees that the Fund needs to allow "a thousand flowers bloom", in order to harness the creativity and energies of the rural poor and other partners in borrowing countries. However, a more focused, systematic and co-ordinated approach is warranted to the identification, piloting and scaling up of innovations.

272. The evaluation therefore recommends that an IFAD-wide innovation agenda should be developed at corporate level that consists of few selected themes or domains. The themes or domains selected, Big Bets, should be in those areas of the agriculture and rural sector where there is a proven need for innovative solutions and where IFAD has (or can develop) a comparative advantage to promote successfully pro-poor innovations that can be scaled up. These Big Bets should be defined at headquarters through a process of consultation and implemented through COSOPs and projects to be funded by IFAD. The implementation of the Big Bets would be time bound and have adequate resource allocation. Moreover, IFAD should at the same time be open to promoting innovations at the country/project level which respond to challenges specific to the context.

273. The definition of the Big Bets will require a decision at the highest level in the senior management and their continued commitment and support, including first and foremost of the IFAD President. A specific process will need to be developed for identifying the Big Bets. Some options for the process may include:

- a. Each year, the operations divisions could propose one to two priority themes/domains (for example, small scale irrigation or land titling for rural women). In addition, the operations divisions should be required to outline how they plan to pursue innovations in these priority themes/domains, the resources required, as well as the monitoring and learning measures that will be implemented to document the corresponding experiences. The submissions from the various divisions could be amalgamated into 2-3 Big Bets at the corporate level; or
- b. Alternatively, the IFAD senior management could propose the 2-3 Big Bet areas and seek the comments from the operations, the country offices and other partners, before taking a final decision on the priority areas.

274. The finally agreed Big Bets would be part of the Fund's innovation agenda, which could be conceived as a corporate rolling plan covering a period of three years or so. The innovation agenda would have specific objectives, activities, timelines, budgets, management and oversight arrangements as well as monitoring and reporting requirements. The innovation agenda would be approved by the President, who would communicate it in an appropriate manner to IFAD staff and the Executive Board, with commitments to report on the results on an annual basis.

275. The evaluation recommends that more attention than in the past be devoted to the development of innovative solutions in agriculture technology and other areas that will lead to economic empowerment of the rural poor. Examples of Big Bets that IFAD could consider include domains such as health and weather insurance for the rural poor, rural finance products for dispersed populations, research in high yielding varieties for rain fed areas and poor small farmers, carbon projects, access to market and value chain development (e.g., risk mitigation for transition from subsistence to commercial farming), land titling (also for rural women), valorising out-migration and so on.

276. Treat scaling up as mission-critical. Scaling up is essential if IFAD is to contribute to wider impact on rural poverty. It is imperative that concrete approaches and strategies for scaling up be already articulated at the time of COSOP formulation and project design. The role and contribution of direct supervision and implementation support as well as country presence in support of scaling up should be clearly defined.

277. IFAD should set corporate targets for scaling up and monitor and report upon it annually. In this regard, it is also important to underline the accountability framework for scaling up, which would ensure that this critical phase in IFAD's innovation journey is given due attention and resources.

278. Adequate resources and space need to be allocated towards non-lending activities, which are essential for scaling up, and staff competencies further developed to ensure success in this area. The evaluation found limitations in IFAD's knowledge management system, which is a major building block in IFAD's innovation journey. Deeper efforts need to be made to exchange experiences and lessons on innovation and scaling up within and across the five geographic regions in which IFAD works, both in the regions and among operations staff at headquarters. Some specific initiatives could include the holding of periodic knowledge fairs at headquarters focusing on innovations by regional divisions; inviting project staff as guest speakers from one region to the annual project implementation workshops organised by another regional division; better linkages among existing IFAD regional electronic networks; and ensuring the country presence staff are more comprehensively integrated and have opportunities for sharing knowledge. At the project level, improvements in monitoring and evaluations systems are essential. Also, the efforts in knowledge management could be introduced as an indicator in annual performance evaluation process of IFAD as well as project staff.

279. IFAD's policy dialogue and partnership building agenda at the country level should also be driven by the objective of scaling up, and therefore focus on few topics that are part of the Fund's innovation agenda in the concerned country. In general, knowledge management, policy dialogue and partnership building are likely to require additional financial and staff time resources that will need to be deployed, which are essential for upscaling purposes.

280. The evaluation found that the concepts of innovation and scaling up were lumped together as a unique block in IFAD, and that the Fund's measurement and reporting systems, including IEO evaluations, do not always distinguish between them. It is therefore recommended that in the future innovation be assessed and reported upon as a separate process from scaling up. However, given the intrinsic relationship and dynamics between the two concepts, assessing the achievements of IFAD's efforts in the entire innovation journey from scouting, to piloting, documenting and scaling up is also essential.

281. Strengthen organizational capabilities and culture. The evaluation found that the Fund's organizational capabilities had not sufficiently improved since 2001 in order to support the promotion of innovations and scaling up.

282. First and foremost, the Fund needs to develop practical innovation management skills. The management of innovation is different from implementing proven approaches. It requires entrepreneurship and the capacity to cope with greater uncertainties, a need for adaptation, a range of skills and a requirement to make difficult choices on emerging evidence. Therefore, IFAD should develop an innovation-specific competency model for individuals and teams drawing on current best practice. This model will provide the basis for a comprehensive skills enhancement programme and the development of relevant tools, processes and monitoring systems. Innovation management skills should be developed as personal, team and networked competences and adopted by IFAD staff and its partners.

283. Staff recruitment should explicitly include innovation as a necessary characteristic, and incentives systems need to be introduced that reward staff for promoting innovations and fostering

learning and sharing of good practices and experiences on innovations. The annual performance evaluation system of staff should consider innovation in the assessment process.

284. Although the evaluation found that operational processes had been improved in past years, an assessment should be made to discern if any further adjustments are required in areas such as policy formulation, COSOP development, project design, supervision, evaluation systems including M&E, non-lending activities, etc. to ensure that innovation is fully built into key phases of the country strategy and project life cycle.

285. All recommendations from this evaluation, including the one related to improving organizational capabilities and culture, will have consequences for the Fund's administrative budget. A detailed analysis is required to determine the financial implications and resources allocated in a timely manner, if IFAD's overall innovation and scaling up efforts are to bear the desired results on rural poverty in the future.

286. IMI. The evaluation recommends that the unutilised funds from the IMI be used towards initiating the implementation of the three main recommendations contained in this evaluation, in particular, towards changing organizational culture and practices, which was one of the three objectives of the IMI and the one whose effectiveness has been unsatisfactory. It is also recommended that the IMI be extended and a work programme be developed for the future, which could be funded either through IFAD's administrative budget or the mobilisation of supplementary funds. The IMI work programme should aim at the implementation of the main recommendations from the evaluation.

Definition of Evaluation Criteria used by the Office of Evaluation

<i>Criteria</i>	<i>Definition^a</i>
Project performance	
<ul style="list-style-type: none"> • Relevance 	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project coherence in achieving its objectives.
<ul style="list-style-type: none"> • Effectiveness 	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
<ul style="list-style-type: none"> • Efficiency 	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact^b	
<ul style="list-style-type: none"> • Household income and assets 	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
<ul style="list-style-type: none"> • Human and social capital and empowerment 	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, and the poor's individual and collective capacity.
<ul style="list-style-type: none"> • Food security and agricultural productivity 	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
<ul style="list-style-type: none"> • Natural resources and the environment 	The focus on NRE involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of NRE.
<ul style="list-style-type: none"> • Institutions and policies 	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
<ul style="list-style-type: none"> • Sustainability 	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
<ul style="list-style-type: none"> • Promotion of pro-poor innovation, replication and scaling up 	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
Overall project achievement	
This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.	
Performance of partners	
<ul style="list-style-type: none"> • IFAD • Government • Cooperating institution • NGO/CBO^c community-based organization 	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.

^a These definitions have been taken from the Organisation for Economic Co-operation and Development/Development Assistance Committee *Glossary of Key Terms in Evaluation and Results Based Management* and from the Methodological Framework for Project Evaluation as agreed upon with the Evaluation Committee in September 2003.

^b It is important to underline that the new manual also deals with the "lack of intervention". That is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.

**Report of the Senior Independent Adviser
Johannes F. Linn¹**

1. It is with great appreciation that I have served as the Senior Independent Adviser for the Corporate-level Evaluation of IFAD's Capacity to Promote Innovation and Scaling Up. I reviewed and commented on background papers and drafts of the final report and discussed them very productively with members of the excellent evaluation team and with the management of the Office of Evaluation (IEO). In parallel, I served as the team leader for an ongoing review of IFAD's approach to scaling up successful interventions in support of rural poverty reduction. This review is being carried out by the Wolfensohn Center for Development at the Brookings Institution with a small grant from IFAD.

A. Overview of the Report

2. This evaluation covers an essential element of IFAD's corporate mission and strategy and will provide a very useful platform for IFAD's Executive Board and Management as they develop the path forward for IFAD during a time of new challenges.
3. The evaluation report has many strengths:
 - The report covers the main strategic initiatives of IFAD which underpin the efforts to make innovation and scaling up a core element – perhaps even the core element – of IFAD's assistance activity in support of the rural poor. They include the "Action Plan", the "Initiative for Mainstreaming Innovation (IMI)", the "Strategic Framework 2007-1010", the "Report on Consultations on the Eighth Replenishment", and the "Innovation Strategy".
 - The report rightly focuses not only on innovation, but also on scaling up of successful innovations. It recognizes scaling up as a core aspect of an innovation strategy that pursues innovation not an end onto itself, but a means to achieve effective solutions on a scale commensurate with the problem of rural poverty. An enhanced focus on scaling up is appropriately one of the key recommendations of the report.
 - The methodology used for the evaluation is appropriate, comprehensive and sound – a combination of quantitative metrics and qualitative judgments, of generating new information (e.g., through a staff survey), and of internal investigation and external benchmarking.
 - It links the current evaluation with past evaluation efforts (especially the 2002 evaluation) and draws effectively on the results of project and country programme evaluations, ARRI, etc.
 - The conclusions are sound: The report finds that IFAD has been on a decade-long path of developing a clear institutional focus on innovation and delivering increasingly innovative interventions in support of the rural poor. But it also concludes that IFAD's approach to "let a thousand flowers bloom" led to a diffuse effort; that IFAD needs to improve the way it harnesses its resources to deliver on its commitment to innovation; and that it has to develop an effective approach to assist in the scaling up of successful innovations.
 - The recommendations are also sound: institute a more sharply focused innovation approach; pay more attention to innovations that enhance the economic potential of the rural poor; deploy institutional resources in a more effectively planned, organized and managed manner;

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develop a systematic approach to scaling up; and separately measure the effectiveness of innovation and scaling up in IFAD operations.

4. In the remainder of these comments I highlight some areas of uncertainty or tensions, which the report has identified, and comment on a few issues which deserve further analysis and evaluation as one looks towards crafting an effective institutional approach to innovation and scaling up in IFAD.
5. But before proceeding I should point out that IFAD is unique among international donor agencies in the stress it puts on the triad “innovation, knowledge management and scaling up”. To my knowledge no other development assistance institution has so explicitly formulated a strategic vision around these three inter-related and essential aspects of effective aid. Innovation is needed to bring new insights, approaches and instruments to bear on developmental challenges; knowledge management for effective learning is needed to determine which solutions work, to facilitate their transfer and adaptation and to help create the capacity for effective implementation; and scaling up is needed to ensure that innovation and knowledge are actually brought to fruition on a scale that provides real solutions to real problems. IFAD deserves a lot of credit for this vision and a lot of support in its efforts to implement it.

B. Open Issues and Unresolved Tensions

What is “innovation and scaling up” for IFAD?

6. The report states in Table 1 (page 8)² that “IFAD has a standing definition of innovation; ‘innovation’ is generally understood [in IFAD]”. However, in Box 2 (page 16) the report calls on IFAD to “clarify the definition, aspiration and measurement” of innovation and in various places the report highlights a number of issues which remain to be addressed as IFAD struggles with the question of what is an appropriate definition. There are three aspects to this question:
 - In various places the report reflects some scepticism about the way IFAD has defined innovation. For example, paragraph 72 states that “project documents can interpret almost any initiative as ‘innovative’ in some way at some level and provide justification because the definition of innovation in IFAD is very broad.” It is then not surprising that the evaluation also finds that in IFAD’s project documents “aspects of proposals were described as ‘innovative’ in order to meet the requirements of the approval process” (paragraph 27). The tension here is between opting for a narrow definition of innovation by sharply defining innovation to truly new approaches, or accepting a broader definition which allows for a wide range of activities, including knowledge transfer, adaptation and experimentation for existing practices. I personally prefer the latter approach, especially if the focus remains principally on development results, as it properly should – that is, on the question, “Does the intervention work for the rural poor?” rather than on the question, “Is the intervention innovative?”
 - Related to the issue of definition, paragraph 72 also highlights the question of what is an appropriate metric of innovativeness. This is a matter of concern not only for operational staff and managers, but also for the evaluators. It is not clear from what is presented in the report what the metric of innovativeness used by IFAD’s Office of Evaluation is and how it is applied by the different evaluators in the various specific project and programme evaluations. The fact that the report recommends a separation of performance metrics between innovation and scaling up is welcome.
 - Then there is the question of how to define “scaling up”. The report presents a characterization of “scaling up and replication” in paragraphs 21, 95 and 96 which identifies scaling up and replication as alternative ways to broaden the impact of interventions. I would prefer a definition of “scaling up” under which scaling up is the overarching concept of achieving broad impact, with specific modalities (replication, diffusion, adaptation, etc.) seen

² All page and paragraph references refer to the main evaluation report.

as particular ways to scale up. This would be consistent with the standard approach (see Hartmann and Linn, 2008) and also with the way the term is used in the report's title and throughout much of its text, referring generally to a broad understanding of the concept of scaling up.

7. There is no single right answer to these definitional, conceptual and measurement issues. But it is important for IFAD to be clear and explicit in its approach.

Tensions in Operational Approaches

8. The report notes a number of important tensions in operational approaches involving innovation and scaling up which are worth highlighting:

- **Technological versus institutional and policy innovations.** The report points out that there is a declining trend in the share of technological innovations for agricultural production, while the shares of institutional and policy innovations are on the rise (paragraphs 61 and 62). The report concludes that this is consistent with the strategic direction of IFAD, but registers concern about it in view of persistent challenges of food insecurity, climate change and natural resource degradation. In the recommendation section the report suggest a greater focus on enhancing the economic potential of the rural poor (paragraph 275).
- **Localized, bottom-up approaches versus top-down, externally driven approaches towards innovation and scaling up.** The report points to a tension between IFAD's traditional engagement in small projects at the local level, with innovations tailored to the specific needs of (and driven from within) specific communities, versus the introduction of external innovations, the need to standardize and simplify when scaling up in larger projects, and engagement with central government authorities in policy dialogue. (paragraphs 80, 81, and 218) The report recommends that IFAD focus its innovations in a few areas with "big bets" rather than, as it has so far, by "letting a thousand flowers bloom" (paragraphs 271-275), while cautioning that "the Fund needs to also remain open to promoting innovations at the country/project that respond to perceived challenges related to agriculture and rural development of specific country circumstances" (paragraph 269). This exemplifies well the tension between top-down and bottom-up approaches which IFAD now needs to face very explicitly.
- **Mitigating risks versus accepting and learning from failure.** The report suggests that IFAD is not doing enough to mitigate the higher risks associated with innovative projects. (paragraph 85) An alternative would be to accept the higher risk and deal with it not principally by mitigation, but by accepting a certain percentage of failures and readiness to learn from them.
- **Tension between innovation and scaling up.** IFAD's strategic statements and the evaluation report rightly stress that the challenge is innovation with scaling up, but so far IFAD's operational approach has been more one of single-minded pursuit of innovation rather than finding the right balance between innovation and scaling up. The report appropriately recommends a more balanced approach, but it is important to recognize that there is potential tension between innovation and scaling up in terms of how IFAD's limited institutional resources are deployed.
- These are important issues and tensions which IFAD needs to face squarely and explicitly. Addressing these issues and resolving the tensions through transparent choices and guidance to staff is the role of the Executive Board and of the Management of IFAD. Leaving them entirely for country programme managers to address will likely result in a haphazard, piecemeal and non-strategic institutional approach.
- **Learning and knowledge management.** The report concludes that while IFAD has made some progress in systematic learning and knowledge management, this remains an area where improvements are needed. (paragraph 265) Effective evaluation of innovations in terms of the impact and replicability, and systematic monitoring of pilots and learning from

their lessons are essential for successful scaling up (see also under “gaps” below). The report points to continued weaknesses in IFAD’s monitoring and evaluation practices and inadequate resources devoted to knowledge management more generally. One might add that a key problem is the way IFAD manages its operational work: much of the project preparation and supervision is done by contractors, CPMs are overburdened, and central technical capacity could be better deployed to support CPMs. Fortunately, the recent introduction and direct supervision and field presence provide excellent opportunities for improved operational learning and application on the ground. Finally, the lack of effective linkage between IFAD funded research and its operational work is another example of poor knowledge capture (see also under “gaps” below). Looking ahead, more effective integration of innovation, knowledge management and scaling up will be critical for IFAD’s development effectiveness.

C. Areas Deserving Further Analysis

9. Some important issues are treated only in passing. This is understandable, given the already considerable depth and length of the report. However, they deserve to be noted for future evaluation:
 - **Role of Quality Enhancement and Quality Assurance (QA/QE) processes:** Although there are some references to QA/QE, the report makes no assessment of these important operational management tools. My impression is that these instruments have been important in focusing management’s and staff attention on innovation. However, there is little guidance in current operational practice and processes for operational staff which would help them in following a systematic approach to innovation and scaling up, as this evaluation report points out. The specific role of QA/QE processes in this regard deserves special attention.
 - **Treatment of Monitoring and Evaluation (M&E):** The treatment of M&E is limited in the evaluation report (paragraphs 90-92). Effective M&E, including thorough impact evaluation using control groups, is essential for learning and scaling up. A more systematic assessment of M&E activities and specific recommendations how M&E can be enhanced for better innovation and scaling up will therefore be useful.
 - **Use of IFAD-funded research:** The report makes various references to IFAD’s grant-funded activities (especially paragraphs 87-88). However, there is no in-depth analysis of the substantial amount of research which is funded by IFAD’s grant programme, although difficulties in transmitting the results of research to investment programmes are noted (e.g. paragraph 47). My discussions with concerned managers and staff confirm that little use is made by operational units of the results generated by IFAD-funded research. As the report notes, a new IFAD grants policy is now under implementation. A thorough evaluation of how research funded by IFAD is absorbed internally or externally in agricultural and rural development programmes would be desirable, once the new grants policy has had a chance to gain traction.
 - **Human and budget resource management:** While making references to the importance of skills (and of training) and the need for adequate resources, the report does not provide a detailed assessment of the constraints to innovation emanating from these corporate policies and how best to overcome the constraints. A key question is how human resource management and budget/grant resource allocation can be structured so as to create effective incentives for effective innovation and scaling up.
 - **Coverage of survey:** The survey of Programme Management Department managers and staff provides a useful input into the analysis of the evaluation. The low self-assessment ratings are of concern, as the report notes, and they are not entirely consistent with the high performance ratings of projects for innovation (100 per cent moderately satisfactory or better in 2008). It would have been helpful to survey also partner (recipient) country representatives and partner institutions who work with IFAD to get their perspective on IFAD’s role and performance as an institution that innovates and helps scale up.

D. A Final Comment: Keep it Simple!

10. The report contains a very comprehensive and at times complex approach to evaluating IFAD's innovation and scaling up activities. For example, the analysis of IFAD's organizational capabilities in section IV involves a sophisticated model with 56 separate elements. While this is helpful from an analytical perspective, it is important that IFAD Management and staff are encouraged to keep the operational approach to innovation and scaling up procedurally as simple as possible. The bureaucratic tendency is to make the process more complex and cumbersome in reaction to critique and exhortation to do more and better.³ In my experience, the most important factor for successful institutional change is to change the mind set of the people in the institution. IFAD has been successful in changing the mind set of its operational staff to focus on innovation. Now the most important challenge is to do the same in regard to knowledge management and scaling up. Improved processes and capacity are also important, but not at the expense of greater bureaucratic burdens.

³ See [*Simply Effective: How to Cut Through Complexity in Your Organization and Get Things Done*](#) by Ronald N. Ashkenas (Harvard Business Press, 2009).

Tracing Innovations in Corporate-level Documents

Strategy/policy documents	Operational documents	Evaluation reports
2001		
5 th Replenishment, February	-	-
IFAD Strategic Framework, 2002–2006, December		
2002		
-	-	Evaluation of IFAD's Capacity as a Promoter of Replicable Innovations November 2002
2003		
6 th Replenishment, February		ARRI
Grant Policy, December		-
2004		
IMI, December	-	ARRI
2005		
7 th Replenishment, February		ARRI
IFAD Action Plan, December		Independent External Evaluation September
-		Direct Supervision Evaluation November
2006		
Targeting Policy, November	Guidelines for Project Completion, June 2006	ARRI
Supervision Policy, December	Portfolio Performance Report, November 2006	
IFAD Strategic Framework 2007–2010, December	Guidelines for COSOPs, December 2006	-
2007		
Knowledge Management Strategy, April	Portfolio Performance Report, November 2007	Evaluation of Field Presence Pilot Programme, July
Innovation Strategy, September	-	ARRI
-	Guidelines for project design, December 2007	-
-	Guidelines for QE* of Project Design, December 2007	-
2008		
	Portfolio Performance Report, November 2008	ARRI
2009		
8 th Replenishment, January IFAD grants policy, December		-

* Quality enhancement (QE).

Assessment Criteria and Key Questions

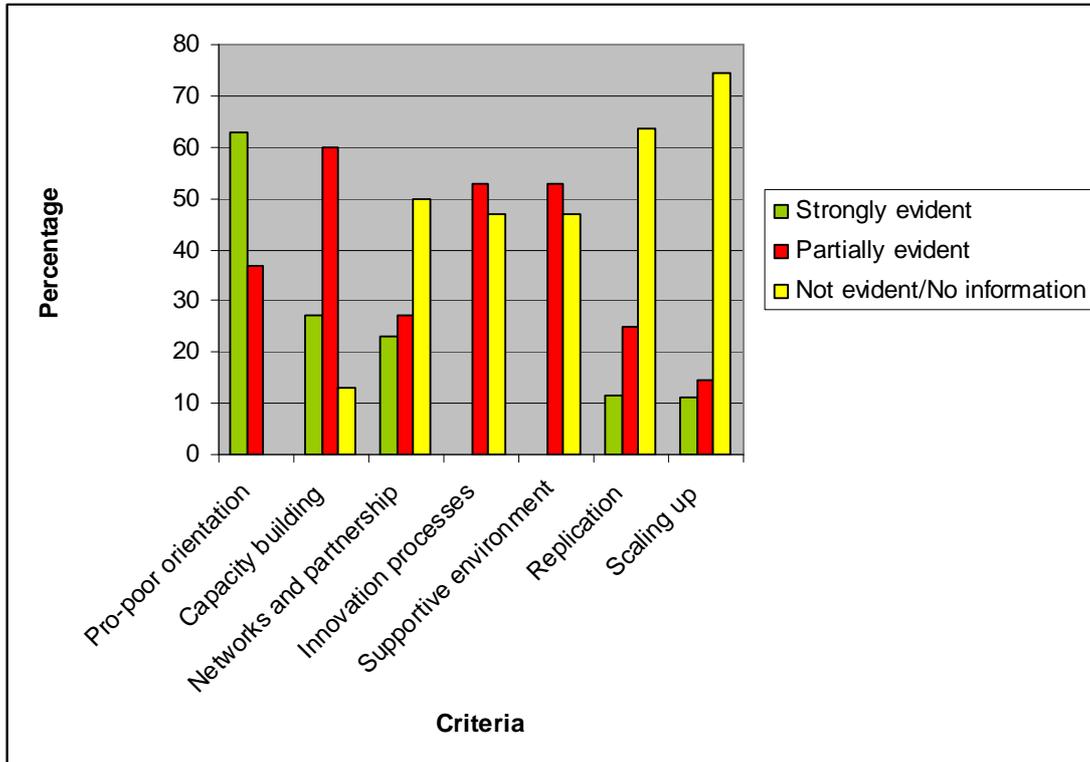
A. WHAT DID THE INNOVATION AND SCALING UP COVER?	
Form of innovation	Adoption/transfer of an existing innovation in new context
	Adaptation of existing innovation
	Creation of new innovation
	Continuing investment (project phase)
Type of innovation	Policy
	Technological
	Institutional
	Organization of communities
	Partnership
	Gender empowerment
Sectoral coverage of innovation	Access to land and water
	Natural resource management
	Rural financial services
	Access to markets
	Information and technology for agricultural production
	Information and technology for SME production and marketing
Scaling up of innovation	Organizational scaling up – integration into broader more complex programmes
	Appropriation by partners – further development on a greater scale by other donors, private sector or government
	From practice to policy – innovation becomes the basis for policy programmes and initiatives by government, donor agencies and others.
Features of innovation	Affordable to the poor, financially and socially
	Culturally appropriate
	Advantages clear to project participants
	Results rapidly visible

B. EVALUATION CRITERIA/KEY QUESTIONS – for rating	
I. Pro-poor orientation of the innovation	<ol style="list-style-type: none"> 1. Did the programme promote innovation that is consistent with IFAD’s definition?¹ 2. Did the innovation address a need or priority widely felt by the poor? 3. Did the innovation empower the rural poor to overcome poverty better and more cost-effectively?
II. Building capabilities and understanding of challenges requiring innovation	<ol style="list-style-type: none"> 4. Did the programme implementation incorporate capacity building for innovation (skills training, motivation for innovation, etc) 5. Did the programme implementation incorporate previous lessons on innovation
III. Nurturing partnerships and facilitating innovation networks	<ol style="list-style-type: none"> 6. Has programme implementation built partnerships and networks for innovation
IV. Embedding rigorous innovation processes and associated risk management into the management practices of innovation	<ol style="list-style-type: none"> 7. Did the programme follow an integrated process of innovation including: <ul style="list-style-type: none"> ◆ Scouting ◆ Participation of the poor ◆ Developing alternatives with clear goals and indicators ◆ Experimentation/pilot testing/ adaptation ◆ Monitoring/evaluation/ validating ◆ Identification of risks ◆ Risks mitigation measures ◆ Documenting lessons learned (KM) ◆ Did the innovation link to pilot grant-funded activities?
V. Facilitating a more supportive environment for innovation	<ol style="list-style-type: none"> 8. Has the programme adequately provided & devoted good attention to: <ul style="list-style-type: none"> ◆ Flexibility to allow for adaptation of innovations ◆ Inclusion of multi-disciplinary stakeholders in guiding the innovation process ◆ Autonomy for decision-makers regarding innovations ◆ Simple reporting requirements ◆ Budget (grants & loans) allocation to support innovation
VI. Replication and scaling up	<ol style="list-style-type: none"> 9. Has replication of innovations occurred? 10. Has upscaling of innovation occurred? 11. Have IFAD’s supervision and implementation support facilitated the replication of innovation? 12. Have IFAD’s supervision and implementation support facilitated the replication of innovation? 13. Has there been cultivation of strategic partnerships for upscaling of innovation. 14. Have there been efforts to disseminate innovations in the country? 15. Was co-financing used for scaling up?

¹ The definition of innovation in the Innovation Strategy is: “... a process that adds value or solves a problem in new ways, and to qualify as an innovation, a product, idea or approach needs to be new to its context, useful and cost-effective in relation to a goal and able to stick after pilot testing” (p. 4). For IFAD, the most important innovations are those that “... change the way smallholders and other rural poor people invest, produce and market their products; manage their assets; get organized, communicate and interact with their partners; and influence policies and institutions” (p. 7).

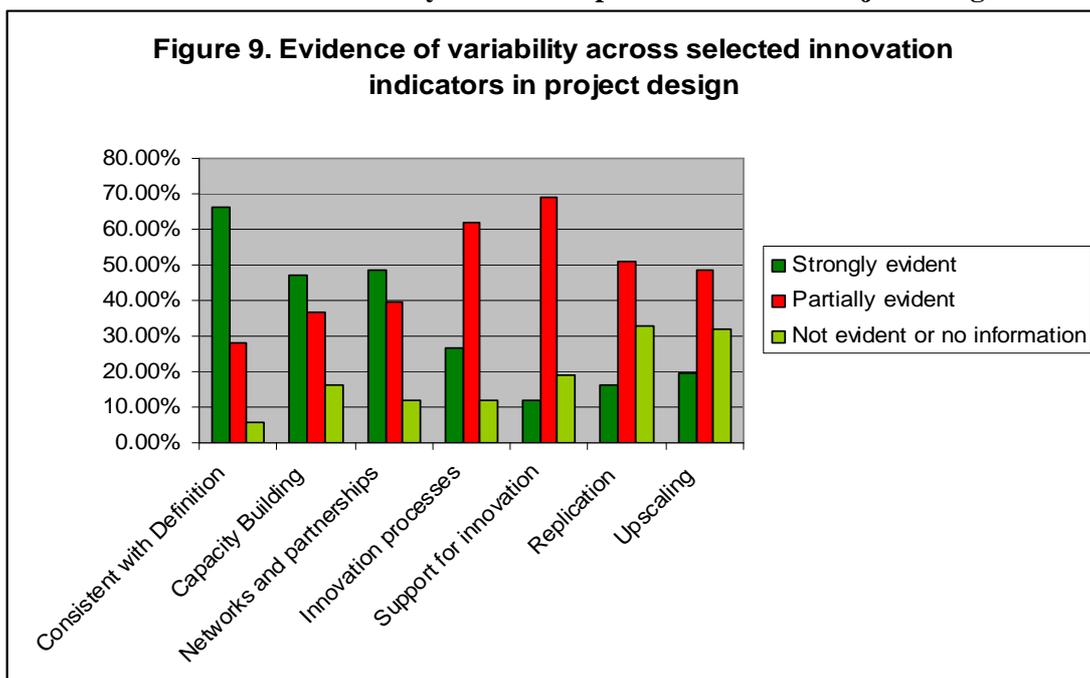
Evidence of Variability across Innovation Composite Criteria in Evaluated Projects and Project Design

A. Evidence of Variability across Innovation Composite Criteria in the Selected Sample: Evaluated Projects



B. Evidence of Variability across Composite Criteria in Project Design

Figure 9. Evidence of variability across selected innovation indicators in project design



List of Projects of the Total Population and the Selected Sample of Evaluated Projects

**A. List of all Stand Alone Projects and Projects within the CPEs Evaluated and Rated by IEO
Between 2002 and 2007**

Region¹	Country	Project Title	Approval Date
APR	Bangladesh	Netrakona Integrated Agricultural Production and Water Management Project	02-Dec-93
WCA	Chad	Ouadis of Kanem Agricultural Development Project	20-Apr-94
LAC	Haiti	Small-scale Irrigation Schemes Rehabilitation Project	26-Apr-89
WCA	Mauritania	Oasis Development Project – Phase II	06-Sep-94
NEN	Morocco	Livestock and Pasture Development Project in the Eastern Region	19-Apr-90
ESA	Namibia	Northern Regions Livestock Development Project	06-Sep-94
LAC	Perú	Management of Natural Resources in the Southern Highlands Project	14-Sep-95
APR	Philippines	Rural Micro-Enterprise Finance Project	18-Apr-96
ESA	Tanzania	Agricultural and Environmental Management Project	04-Dec-96
NEN	Yemen	Tihama Environment Protection Project	07-Apr-93
WCA	Benin	Income-Generating Activities Project	06-Dec-95
LAC	Brazil	Community Development Project for the Rio Gaviao Region	07-Dec-95
WCA	Burkina Faso	Special Programme for Soil and Water Conservation and Agroforestry in the Central Plateau	04-Dec-87
LAC	Ecuador	Indigenous and Afro-Ecuadorian Peoples' Development Project	04-Dec-97
ESA	Eritrea	Eastern Lowlands Wadi Development Project	05-Dec-94
WCA	Ghana	Root and Tuber Improvement Programme	04-Dec-97
WCA	Guinea	Smallholder Development Project in North Lower Guinea	14-Sep-95
NEN	Lebanon	Smallholder Livestock Rehabilitation Project	15-Apr-92
APR	Nepal	Hills Leasehold Forestry and Forage Development Project	07-Dec-89
LAC	Venezuela	Support Project for Small Producers in the Semi-Arid Zones of Falcon and Lara States	04-Apr-91
ESA	Ethiopia	Special Country Programme – Phase II	05-Dec-96
WCA	Gambia	Rural Finance and Community Initiatives Project	02-Dec-98
NEN	Jordan	Agricultural Resource Management Project – Phase II	06-Dec-95
APR	Lao	Northern Sayabouri Rural Development Project	04-Dec-97
LAC	Paraguay	Peasant Development Fund Credit Project – Eastern Region of Paraguay	07-Dec-95
WCA	Senegal	Rural Micro-Enterprises Project	06-Dec-95
NEN	Tunisia	Integrated Agricultural Development Project in the Governorate of Siliana	06-Dec-95

¹ APR = Asia and the Pacific; ESA = Eastern and Southern Africa; LAC = Latin America and the Caribbean; NEN = Near East and North Africa; WCA = Western and Central Africa Division.

A (continued). List of all Stand Alone Projects and Projects within the CPEs Evaluated and Rated by IEO Between 2002 and 2007

Region¹	Country	Project Title	Approval Date
APR	Viet Nam	Agricultural Resources Conservation and Development Project in Quang Binh Province	04-Dec-96
APR	Viet Nam	Ha Giang Development Project for Ethnic Minorities	04-Dec-97
APR	China	Southwest Anhui Integrated Agricultural Project	11-Sep-97
WCA	Ghana	Upper-East Region Land Conservation and Smallholder Rehabilitation Project	29-Apr-99
WCA	Ghana	Upper West Agricultural Development Project	14-Sep-95
WCA	Guinea	Fouta Djallon Local Development and Agricultural Rehabilitation Programme	04-Dec-96
APR	India	North Eastern Region Community Resource Management Project for Upland Areas	29-Apr-97
LAC	Mexico	Development Project of the Mayan Communities in the Yucatan Peninsula	07-Dec-95
APR	Mongolia	Arhangai Rural Poverty Alleviation Project	17-Apr-96
NEN	Morocco	Tafilalet and Dades Rural Development Project	20-Apr-94
ESA	Mozambique	Niassa Agricultural Development Project	20-Apr-94
ESA	Uganda	District Development Support Programme	10-Sep-98
LAC	Venezuela	Economic Development of Rural Communities Project	11-Sep-96
APR	Bangladesh	Employment Generation Project for Rural Poor	12-Apr-95
APR	Bangladesh	Small-scale Water Resources Development Project	06-Dec-95
APR	Bangladesh	Agricultural Diversification and Intensification Project	29-Apr-97
APR	Bangladesh	Third Rural Infrastructure Development Project	04-Dec-97
APR	Bangladesh	Aquaculture Development Project	23-Apr-98
APR	Bangladesh	Smallholder Agricultural Improvement Project	29-Apr-99
APR	Bangladesh	Snamganj Community-Based Resource Management Project	12-Sep-01
APR	Bangladesh	Microfinance and Technical Support Project	10-Apr-03
LAC	Mexico	Development Project for Marginal Rural Communities in the Ixtlera Region	03-Oct-90
LAC	Mexico	Rural Development Project for the Indigenous Communities of the State of Puebla	15-Apr-92
LAC	Mexico	Rural Development Project for Rubber-Producing Regions of Mexico	03-May-00
LAC	Mexico	Strengthening Project for the National Micro-Watershed Programme	17-Dec-03
ESA	Rwanda	Rwanda Returnees Rehabilitation Programme (PRRR)	11-Sep-97
ESA	Rwanda	Byumka Agricultural Development Project - Phase II	01-Oct-90
ESA	Rwanda	Intensified Land Use Management Project in the Buberuka Highlands (PGERB)	02-Dec-92
ESA	Rwanda	Rural small and Micro-Enterprise Promotion Project	17-Apr-96
ESA	Rwanda	Umutara Community Resource and Infrastructure Development Project (PDRCIU)	04-May-00
ESA	Rwanda	Smallholder Cash and Export Crops Development Project	11-Dec-02
LAC	Colombia	Rural Microenterprise Development Programme	11-Sep-96

A (continued). List of all Stand Alone Projects and Projects within the CPEs Evaluated and Rated by IEO Between 2002 and 2007

Region¹	Country	Project Title	Approval Date
ESA	Ethiopia	Southern Region Cooperatives Development and Credit Project	02-Dec-93
NEN	Georgia	Agricultural Development Project	30-Apr-97
WCA	Niger	Special Country Programme Phase II	13-Sep-95
LAC	Perú	Development of the Puno-Cusco Corridor Project	04-Dec-97
APR	Philippines	Cordillera Highland Agricultural Resource Management Project	06-Dec-95
NEN	Romania	Apuseni Development Project	10-Sep-98
ESA	Tanzania	Participatory Irrigation Development Programme	08-Sep-99
LAC	Brazil	Low-income Family Support Project in the Semi-arid Region of Sergipe State	02-Dec-93
LAC	Brazil	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East	03-Dec-98
WCA	Mali	Income Diversification Programme in the Mali Sud Area	05-Dec-94
WCA	Mali	Zone Lacustre Development Project - Phase II	17-Apr-96
WCA	Mali	Sahelian Areas Development Fund Programme	02-Dec-98
NEN	Morocco	Rural Development Project for Taourirt-Taforalt	04-Dec-96
NEN	Morocco	Rural Development Project in the Mountain Zones of Al-Haouz Province	07-Dec-00
NEN	Albania	Mountain Areas Development Programme	09-Dec-99
LAC	Belize	Community-Initiated Agriculture and Resource Management Project	23-Apr-98
WCA	Burkina Faso	Community-Based Rural Development Project	04-May-00
APR	Pakistan	Dir Area Support Project	11-Sep-96
APR	Philippines	Western Mindanao Community Initiatives Project	23-Apr-98
ESA	Ethiopia	Agricultural Research and Training Project	10-Sep-98
ESA	Ethiopia	Rural Financial Intermediation Programme	06-Dec-01
ESA	Ethiopia	Pastoral Community Development Project	11-Sep-03
APR	Pakistan	Mansehra Village Support Project	03-Dec-92
APR	Pakistan	Pat Feeder Command Area Development Project	19-Apr-94
APR	Pakistan	Barani Village Development Project	03-Dec-98
APR	Pakistan	North-West Frontier Province Barani Area Development Project	26-Apr-01

B. List of Selected Sample of Stand Alone Projects and Projects within CPEs

	Region¹	Country	Project Title	Approval Date	Closing Date	Sector	Type of Eval.	Eval. Date
1	WCA	Guinea	Fouta Djallon Local Development and Agricultural Rehabilitation Progr.	Dec-96	Dec-08	Rural development	IE*	2005
2	WCA	Ghana	Root and Tuber Improvement Programme	Dec-97	Sep-05	Agricultural development	IE	2004
3	WCA	Mali	Sahelian Areas Development Fund Programme	Dec-98	Sep-09	Rural development	CPE	2007
4	WCA	Ghana	Upper-East Region Land Conservation and Smallholder Rehabilitation Project	Apr-99	Dec-06	Agricultural development	IE	2006
5	WCA	Ghana	Upper West Agricultural Development Project	Sep-95	Dec-04	Agricultural development	IE	2006
6	WCA	Burkina Faso	Community-Based Rural Development Project	May-00	Dec-07	Rural development	IE	2008
7	WCA	Gambia	Rural Finance and Community Initiatives Project	Dec-98	Dec-06	Credit and Financial Services	IE	2005
8	WCA	Nigeria	Roots and Tubers Expansion Programme	Dec-99	Mar-10	Research, Extension, Training	CPE	2009
9	ESA	Ethiopia	Special Country Programme, Phase II	Dec-96	Dec-06	Irrigation	IE	2009
10	ESA	Uganda	District Development Support Programme	Sep-98	Dec-06	Rural development	CE**	2005
11	ESA	Ethiopia	Agricultural Research and Training Project	Sep-98	Dec-07	Research, Extension, Training	CPE	2009
12	ESA	Tanzania	Participatory Irrigation Development Programme	Sep-99	Jun-07	Irrigation	CE	2007
13	ESA	Rwanda	Umutara Community Resource and Infrastructure Development Project	May-00	Jun-11	Agricultural development	CPE	2006
14	APR	India	North Eastern Region Community Resource Management Project for Upland	Apr-97	Mar-08	Agricultural development	IE	2006
15	APR	China	Southwest Anhui Integrated Agricultural Project	Sep-97	Jun-04	Agricultural development	CE	2006
16	APR	Vietnam	Ha Giang Development Project for Ethnic Minorities	Dec-97	Jul-04	Rural development	IE	2004

* Interim evaluation (IE). ** Completion evaluation (CE).

B (continued). List of Selected Sample of Stand Alone Projects and Projects within CPEs

	Region ¹	Country	Project Title	Approval Date	Closing Date	Sector	Type of Eval.	Eval. Date
17	APR	Bangladesh	Small-scale Water Resources Development Sector Project	Dec-95	Dec-02	Irrigation	CPE	2006
18	APR	Philippines	Western Mindanao Community Initiatives Project	Apr-98	Dec-07	Rural development	IE	2008
19	APR	Pakistan	Barani Village Development Project	Dec-98	Dec-07	Agricultural development	CPE	2008
20	APR	Bangladesh	Agricultural Diversification and Intensification Project	Apr-97	Dec-04	Agricultural development	CPE	2006
21	APR	Mongolia	Arhangai Rural Poverty Alleviation Project	Apr-96	Jul-04	Livestock	CE	2007
22	LAC	Colombia	Rural Microenterprise Development Programme	11-Sep-96	Jun-07	Credit and Financial Services	CE	2007
23	LAC	Perú	Development of the Puno-Cusco Corridor Project	Dec-97	Jun-08	Research, Extension, Training	IE	2007
24	LAC	Belize	Community-Initiated Agriculture and Resource Management Project	Apr-98	Jun-06	Agricultural development	CE	2008
25	LAC	Brazil	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East	Dec-98	Jun-09	Credit and Financial Services	CPE	2008
26	NEN	Morocco	Rural Development Project for Taourirt-Taforalt	Dec-96	Jun-08	Agricultural development	CPE	2008
27	NEN	Georgia	Agricultural Development Project	Apr-97	Dec-05	Credit and Financial Services	CE	2007
28	NEN	Romania	Apuseni Development Project	Sep-98	Jun-07	Credit and Financial Services	CE	2008
29	NEN	Albania	Mountain Areas Development Programme	Dec-99	Mar-08	Agricultural development	CE	2008
30	NEN	Morocco	Rural Development Project in the Mountain Zones of Al-Haouz Province	Dec-00	Sep-08	Agricultural development	CPE	2008

List of Recent Country Programme Documents Reviewed

A. Listing of COSOPs Assessed

Before Innovation Strategy	After Innovation Strategy ¹
Guinea 14 October 1999	Mali 6 November 2007
Moldova August 2002	Mexico 6 November 2007
Vietnam 12 March 2003	Yemen 13 November 2007
Guatemala 19 March 2003	Jordan 20 November 2007
Burundi 11 September 2003	Moldova 20 November 2007
	Bolivia 12 December 2007
	Cambodia 12 December 2007
	Afghanistan 26 March 2008
	Vietnam 11 September 2008
	Brazil 11 September 2008
	Burundi 11 September 2008
	Ethiopia 18 November 2008
	Indonesia 21 November 2008
	Guatemala 25 November 2008
	Morocco 28 November 2008
	Guinea 16 December 2008

B. List of Projects Reviewed

N ^o	Region	Country	Project Title	Approval Date
1	ESA	Ethiopia	Pastoral Community Development Project	11 Sep 03
2	LAC	Guatemala	National Rural Development Programme – Phase I: the Western Region	11 Sep 03
3	NEN	Moldova	Agricultural Revitalization Project	17 Dec 03
4	WCA	Gambia, The	Participatory Integrated Watershed-Management Project	21 Apr 04
5	ESA	Ethiopia	Agricultural Marketing Improvement Programme	02 Dec 04
6	APR	Viet Nam	Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh Provinces	02 Dec 04
7	LAC	Guatemala	National Rural Development Programme: Central and Eastern Regions	02 Dec 04

¹ Although the final version of the Innovation Strategy was released in December 2007, preparatory activities and draft documents had already been written. It was therefore decided to include COSOPs that had been generated late in 2007 as part of the sample of post-Innovation Strategy COSOPs.

B (continued). List of Projects Reviewed

N ^o	Region	Country	Project Title	Approval Date
8	NEN	Sudan	Western Sudan Resources Management Programme	02 Dec 04
9	WCA	Mali	Northern Regions Investment and Rural Development Programme	19 Apr 05
10	LAC	El Salvador	Rural Development and Modernization Project for the Eastern Region	19 Apr 05
11	APR	China	South Gansu Poverty-Reduction Programme	08 Sep 05
12	NEN	Moldova	Rural Business Development Programme	13 Dec 05
13	NEN	Albania	Programme for Sustainable Development in Rural Mountain Areas	13 Dec 05
14	ESA	Madagascar	Project to Support Development in the Menabe and Melaky Regions	20 Apr 06
15	APR	Viet Nam	Programme for Improving Market Participation of the Poor in Ha Tinh and Tra Vinh Provinces	14 Sep 06
16	WCA	Gambia, The	Rural Finance Project	14 Sep 06
17	WCA	Mali	Kidal Integrated Rural Development Programme	14 Dec 06
18	LAC	Haiti	Small-scale Irrigation Development Project (PAPR-2)	14 Dec 06
19	NEN	Sudan	Butana Integrated Rural Development Project	14 Dec 06
20	ESA	Ethiopia	Participatory Small-scale Irrigation Development Programme	18 Apr 07
21	NEN	Syria	North-eastern Region Rural Development Project	18 Apr 07
22	NEN	Morocco	Rural Development Project in the Mountain Zones of Errachidia Province	12 Sep 07
23	LAC	El Salvador	Rural Development and Modernization Project for the Central and Paracentral Regions	12 Sep 07
24	APR	Viet Nam	Developing Business with the Rural Poor Programme	13 Dec 07
25	WCA	Burkina Faso	Small-Scale Irrigation and Water Management Project	13 Dec 07
26	WCA	Ghana	Northern Rural Growth Programme	13 Dec 07
27	WCA	Nigeria	Rural Microenterprise Development Programme	13 Dec 07
28	ESA	Angola	Market-oriented Smallholder Agriculture Project	13 Dec 07

B (continued). List of Projects Reviewed

N°	Region	Country	Project Title	Approval Date
29	ESA	Madagascar	Support Programme for Rural Microenterprise Poles and Regional Economies (PROSPERER)	13 Dec 07
30	ESA	Malawi	Rural Livelihoods and Economic Enhancement Programme	13 Dec 07
31	APR	Bangladesh	National Agricultural Technology Project	13 Dec 07
32	APR	China	Inner Mongolia Autonomous Region Rural Advancement Programme	13 Dec 07
33	APR	Nepal	Poverty Alleviation Fund Project – Phase II	13 Dec 07
34	LAC	Guyana	Rural Enterprise and Auricular Development Project	13 Dec 07
35	LAC	Honduras	Project for Enhancing the Rural Economic Competitiveness of Yoro	13 Dec 07
36	LAC	Peru	Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (Sierra Norte)	13 Dec 07
37	NEN	Azerbaijan	Rural Development Project for the North West	13 Dec 07
38	NEN	Djibouti	Programme for the Mobilization of Surface Water and Sustainable Land Management	13 Dec 07
39	ESA	Mauritius	Marine and Agriculture Resources Support Programme	24 Apr 08
40	APR	India	Mitigating Poverty in Western Rajasthan Project	24 Apr 08
41	APR	Philippines	Second Cordillera Highland Agricultural Resource Management Project	24 Apr 08
42	LAC	Panama	Participative Development and Rural Modernization Project	24 Apr 08
43	APR	Indonesia	IFAD Support to the National Programme for Community Empowerment in Rural Areas	11 Sep 08
44	NEN	Moldova	Rural Financial Services and Marketing Programme	11 Sep 08
45	WCA	Cameroon	Rural Microfinance Development Support Project	11 Sep 08
46	WCA	Congo	Rural Development Project in Likouala, Pool and Sangha Departments	11 Sep 08
47	WCA	Senegal	Agricultural Value Chains Support Project	11 Sep 08
48	ESA	Madagascar	Support to Farmers' Professional Organizations and Agricultural Services Project	11 Sep 08
49	ESA	Mozambique	Rural Markets Promotion Programme	11 Sep 08

B (continued). List of Projects Reviewed

N ^o	Region	Country	Project Title	Approval Date
50	ESA	Rwanda	Kirehe Community-based Watershed Management Project	11 Sep 08
51	APR	Kyrgyzstan	Agricultural Investments and Services Project	11 Sep 08
52	LAC	Costa Rica	National Rural and Entrepreneurial Development Programme	11 Sep 08
53	NEN	Albania	Mountain to Markets Programme	11 Sep 08
54	NEN	Sudan	Southern Sudan Livelihoods Development Project	11 Sep 08
55	APR	Viet Nam	Pro-Poor Partnerships for Agroforestry Development Project	17 Dec 08
56	LAC	Guatemala	Sustainable Rural Development Programme for the Northern Region	17 Dec 08
57	WCA	Congo, D.R.	Integrated Agricultural Rehabilitation Programme in Maniema Province	17 Dec 08
58	WCA	Ghana	Rural and Agricultural Finance Programme	17 Dec 08
59	WCA	Niger	Agricultural and Rural Rehabilitation and Development Initiative Project – Institutional Strengthening Component (ARRDI-ISC)	17 Dec 08
60	ESA	Swaziland	Rural Finance and Enterprise Development Programme	17 Dec 08
61	ESA	Tanzania	Agricultural Sector Development Programme	17 Dec 08
62	APR	China	Dabieshan Area Poverty Reduction Programme	17 Dec 08
63	APR	Laos	Sustainable Natural Resource Management and Productivity Enhancement Project	17 Dec 08
64	APR	Philippines	Rapid Food Production Enhancement Programme	17 Dec 08
65	APR	Tajikistan	Khatlon Livelihoods Support Project	17 Dec 08
66	LAC	Belize	Rural Finance Programme	17 Dec 08
67	LAC	Venezuela	Orinoco Delta Warao Support Programme	17 Dec 08
68	NEN	Bosnia and Herzegovina	Rural Livelihoods Development Project	17 Dec 08

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Excerpts of the Report of the Chairperson of the Evaluation Committee¹ on the Corporate-level Evaluation of IFAD's Capacity to Promote and Scale Up Innovation

1. The Committee found the corporate-level evaluation (CLE) of IFAD's capacity to promote and scale up innovations a timely and useful document that raises critical issues related to the topic. The Committee also underlined its concurrence with the CLE's recommendations, in particular with the need to treat scaling up as mission-critical.
2. IFAD Management sees innovation as a key element in achieving results in rural poverty reduction. Management also found the report to be helpful and is integrating the recommendations made into its operational procedures and policies.
3. Management broadly concurs with the CLE findings, and recognizes that there have been limited incentives for staff to innovate and subsequently to document and share knowledge about innovations. Management also agrees that scaling up is mission-critical for the institution as a whole, and it is also for this reason that a grant has been provided to the Brookings Institution to assist the Fund in finding critical pathways to scale up its innovation and impact.
4. On establishing an innovation agenda, Management concurs with the CLE recommendation, although it flagged the need to maintain a two-pronged approach – working on “big bets” (e.g. private sector, value chain, and public-private partnership) while continuing to support small-scale innovations developed at the grass-roots level.
5. Several Committee members discussed the need for added clarity on IFAD's definition of innovation and scaling up.
6. Committee members also felt that, in the future, it would be useful for IEO to share the draft approach papers for all CLEs with the Evaluation Committee for their comments before the evaluation begins.
7. In addition, Committee members noted the importance for such CLEs to focus on gender issues and the role of women, as well as the field dimension and interaction with beneficiaries. In this regard, members underlined the fact that the CLE on gender could be considered as a new starting point. Furthermore, it was suggested that IFAD could make gender one of its "big bets".
8. On another issue, Committee members underlined the importance of carefully reflecting on the different partners to be mobilized throughout the innovation process, and underscored the importance of capturing and disseminating best practices generated through innovation in the field.
9. In the course of the session's deliberations, the importance of making available adequate time and resources, including dedicated training, for country programme managers to pilot innovations and their scaling up was considered essential.
10. Committee members acknowledged IFAD's comparative advantage in institutional innovations and suggested that IFAD continue to partner with other institutions to promote innovations in agricultural technology.

¹ Executive Board — Ninety-ninth Session, Rome, 21-22 April 2010, (EB 2010/99/R.5).



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