



CORPORATE-LEVEL EVALUATION

IFAD's support
to innovations for
inclusive and sustainable
smallholder agriculture

Independent Office
of Evaluation



Investing in rural people

Overview

A. Background

1. **Introduction.** At its 125th session, the Executive Board of IFAD approved the conduct of a corporate-level evaluation (CLE) by the Independent Office of Evaluation of IFAD (IOE) on IFAD's support to innovation for inclusive and sustainable smallholder agriculture. **The objectives of the CLE were to:**
 - i. assess IFAD's efforts (through processes, instruments and tools) to promote agricultural innovations (referred to as innovations), which have contributed to address rural development challenges, through supported operations;
 - ii. assess IFAD's contribution to the dissemination and scaling up of successful pro-poor innovations, that are sustainable, climate-resilient and reach diverse groups of smallholder farmers;
 - iii. identify recommendations for improving IFAD's approach and performance in promoting successful agricultural innovations for rural transformation.
2. **Importance of innovations to IFAD.** Aligned with its Strategic Framework (2016-2025), **innovations are critical for IFAD to achieve its mandate of investing in rural people and enabling inclusive and sustainable transformation in rural areas.** They are also needed to enhance IFAD's role in helping countries meet the Sustainable Development Goals (SDGs), namely, SDG 1 and SDG 2. Overall, innovations are essential to IFAD for strengthening and improving the quality of its country programmes, by supporting the development of smallholder agriculture, and contribute to achieving inclusive and sustainable rural transformation.
3. **Definition of innovation.** IFAD's Innovation Strategy (2007) defines innovation as "a process that adds value or solves a problem in new ways". Considering the broader sense of this definition, the CLE adopted a different definition, following a development approach, as IFAD is both a United Nations specialized agency as well as an international financial institution (IFI). Therefore, **the CLE defines innovation as: A new way of acting – practice, approach/method, process, product, or rule – brought in or implemented for the first time, considering the context, time frame and stakeholders, with the purpose of improving performance and/or addressing challenge(s).** In line with this, inclusive and sustainable innovations are agricultural innovations that are accessible to and suitable for a diversity of farmers (in terms of gender, socio-economic groups and geographical coverage), as well as economically, socially and environmentally suitable. They can be easily applied and replicated by a diversity of smallholder farmers, and contribute to overcome challenges they are facing.
4. **Importance of agricultural innovation systems.** Systems approaches to innovations have been prominently applied to smallholder agriculture over the last two decades. The systems approach suggests some key elements to take into account while assessing the innovation support:
 - (i) the innovation-related elements interlinked in dynamic processes;
 - (ii) the actors contributing to these processes, and the interactions among them;
 - (iii) the linkages between the objectives (i.e. results hierarchy); and
 - (iv) the supporting institutional framework.Thus, **the CLE adopted a systems approach to assess IFAD's support to innovations for smallholder agriculture.**

5. **Innovations are meant to improve the performance of agrifood systems. The latter include three aspects: (i) the agricultural production and value chain (APVC) component; (ii) the socio-economic pillar or component (SEP); and (iii) the natural pillar or component (NP).** IFAD's Strategic Objectives (SOs) 2016-2025 relate to these three aspects. Taking into account IFAD's operating contexts, **the CLE identified an additional component, the governance pillar (GP), which includes driving forces** for the effective functioning of the entire agrifood system.
6. **Key features of IFAD's innovation agenda.** Support to innovation by IFAD is implemented through its usual instruments of loans, grants and non-lending tools. With the IFAD-5 Action Plan (2000-2002), the topic gained significantly in interest. As an illustration, **IFAD's Strategic Framework for 2002-2005 pointed out the need for the Fund to identify successful innovations**, understand why they were successful, and analyse opportunities and constraints related to these.
7. The Initiative for Mainstreaming Innovations (IMI) of 2004 followed, contributing to the rise of a systematic usage of the innovation concept, which became a central and cross-cutting theme within the Fund. Thereafter, IFAD's Innovation Strategy was developed in 2007 to provide strategic insights on the topic. **From the Strategic Framework 2007-2010, innovation became, together with learning and scaling up, one of IFAD's engagement principles.**
8. In 2010, the CLE on IFAD's Capacity to Promote Innovation and Scaling Up found that although IFAD had a stand-alone strategy for innovation, insufficient resources and attention were allocated for that purpose. The 2014 CLE on IFAD's Policy for Grant Financing concluded that **IFAD was missing the opportunity to leverage the grant programme in a strategic manner**, in particular as being a potential source to supply innovations, and thus, this led to the Revised Policy for Grant Financing of 2015.
9. **In 2016, the Strategic Framework 2016-2025 acknowledged innovations as one of the critical dimensions for IFAD's agenda to work better.** In 2018-2019, IFAD witnessed major changes in its business model, and the Change, Delivery and Innovation Unit (CDI) was created, and this unit then implemented the first IFAD Innovation Challenge in 2019.
10. **Scope of the CLE.** In line with IFAD's Evaluation Policy and the IOE Evaluation Manual (2015), **the CLE covered the main performance criteria of relevance, effectiveness, efficiency and impact, as well as other themes, such as sustainability, scaling up, inclusiveness, environment and climate change.** The CLE team prepared an evaluation matrix, which included overarching questions, main questions and subquestions. The overarching questions were:
 - To what extent (how and why) have corporate instruments, tools and approaches been successful in promoting agricultural innovations within IFAD's country programmes?
 - To what extent (how and why) have IFAD's operations promoted agricultural innovations that: (i) have responded to smallholder farmers' needs/demand; and (ii) have been targeted and inclusive?
 - How have those innovations led to positive outcomes, and how have they been scaled up for sustainable and resilient development of smallholder agriculture?
11. Previous CLEs on innovations (2002 and 2010) assessed mainly corporate strategies, policies and processes. The current CLE, while covering these aspects, and considering the period from 2009 to 2019, went further by assessing development effectiveness aspects (operational results and contribution to change) in relation to IFAD-supported innovations. **The Innovation Strategy (2007) served as a reference strategic document for the review of corporate processes.** To better streamline the assessment, a theory of change depicting IFAD's support to agricultural innovations was reconstructed, after discussions with IFAD headquarters and field staff. The CLE also reviewed indicators pertaining to the support of innovations with some IFIs and Rome-based agencies (RBAs), and used them to make a benchmark comparison.

12. **CLE data sources.** The CLE developed two databases: the first on loan investment projects, and the second on grants – including, respectively, 508 loan projects and 240 large grants implemented during the evaluated period. Following a desk review of innovation-related information, described in loan-project design documents, about 100 projects were selected for their relevance to the topic and,

at the same time, reflecting the diversity of innovations promoted through IFAD-supported loan projects. Interactions with IFAD regional divisions enabled validation of the project listing, leading to 20 countries being selected for the case studies, of which 12 were visited by the CLE team (see table A). The countries selected covered all IFAD regions.

TABLE A
Case study countries

	APR	ESA	LAC	NEN	WCA
Countries visited by the CLE team	Bangladesh Indonesia Philippines	Ethiopia Malawi Rwanda	El Salvador Peru	Kyrgyzstan Republic of Moldova	Cameroon Senegal
2019 country strategy programme evaluation (CSPE) countries	Nepal	Madagascar	Ecuador	Sudan	Sierra Leone
Only desk reviews	–	–	Uruguay	Tunisia	Burkina Faso

Note: APR = Asia and the Pacific Division; ESA = East and Southern Africa Division; LAC = Latin America and the Caribbean Division; NEN = Near East, North Africa and Europe Division; WCA = West and Central Africa Division.
Source: CLE.

13. The CLE also used information gathered: (i) by IFAD Management and presented at a self-assessment workshop; and (ii) through the conduct of an electronic survey that targeted IFAD staff (headquarters and field), government actors and managers of IFAD-funded projects and partners that benefited from and/or implemented IFAD-supported grant programmes.

14. **CLE analyses.** Data were analysed to generate quantitative and qualitative trends. **The CLE team applied a systems approach and, thus, developed an analytical grid, based on the agrifood system components mentioned above.** The grid includes four components or macro domains (APVC, SEP, NP and GP), and 12 subcomponents or specific domains, as presented in table B (with examples of case study innovations).

TABLE B

The CLE analytical framework

Macro domains	Specific domains	Examples of innovations (and case study countries)
Agricultural production and value chain (APVC)	Production	System of rice intensification (Malawi, Rwanda, Senegal)
	Processing	Seaweed farming, solar dryers for seaweed (Philippines)
	Marketing	Value chain market-oriented approach (Indonesia, Kyrgyzstan, Nepal, Rwanda, Senegal)
	Consumption	Home gardens for nutrition (Ethiopia)
Socio-economic pillar (SEP)	Human capital	Youth incubation approach (Cameroon)
	Social capital	Community networks (Sudan)
	Economic capital	Rural financial services/products (El Salvador, Madagascar, Republic of Moldova, Sierra Leone)
Natural pillar (NP)	Natural resources management (NRM)	Land consolidation approach (Tunisia)
	Environment and climate change (CC)	Climate-resilient infrastructure (Bangladesh)
Governance pillar (GP)	Policy	Policy laboratory in the Ministry of Planning (Indonesia)
	Regulation	Land regulatory framework (Madagascar)
	Project implementation procedures and approaches (PIPA)	Participatory approach (Burkina Faso, Ecuador, Indonesia, Peru, Philippines, Tunisia)

Source: CLE.

B. Findings on IFAD's strategies and corporate processes in support of innovations

15. Programme of loans and grants (PoLG).

Considering the agrifood system components (macro domains), over the evaluation period, loan investment projects mainly supported innovations related to the SEP, followed by the GP, with 60 per cent and 44 per cent of projects, respectively (each can include several types of innovations). Innovations related to the APVC and the NP were less supported, with 31 per cent and 16 per cent of projects, respectively. Projects including the latter two categories of innovations have been increasing over the past six to seven years, clearly reflected through IFAD's SO1 and SO2. **Looking at the specific domains, the top six types of innovations supported were related to economic capital, project implementation procedures and approaches (PIPA), social capital, production, human capital and marketing.** The trend was, overall, similar to that of the grant-supported programme.

16. Analyses showed that loan investment projects mainly supported innovations at the stage of dissemination, followed by scaling up and testing/piloting. Most grant-financed projects supported innovations at the stage of testing/piloting, followed by scaling up and

dissemination. This result clearly demonstrates the importance of grant windows to identify novel innovations (in key specific domains) to address smallholder agriculture challenges.

17. **Strategy and processes.** The Innovation Strategy (2007) set out the conceptual framework of innovation and scaling up. It provided pathways for promoting innovations and strengthening innovative capabilities and approaches in IFAD's operations. However, **the strategy included no specific objective for IFAD's innovation agenda, and no operational plan was developed to support it, nor was there any specific budget until 2019** (see below). In fact, the lack of an operational plan (and subsequent update) in support of the 2007 Innovation Strategy weakened its effectiveness. Thus, evolving development trends (e.g. the systems approach) could not be integrated into IFAD's approach to innovations, as implemented by other organizations (e.g. FAO and the World Bank). No action was taken to develop guidelines, including having an agreed operational definition, to help staff approaching innovations systematically and holistically in IFAD's operations.

18. **Dedication of resources.** IFAD financing instruments (loans and grants) remain the main source for supporting innovations. **The CLE estimates an average of 3.0-3.5 per cent of PoLG funding went towards directly supporting the promotion of innovations, through the programme of grants.** Other funding mechanisms exist (e.g. Adaptation for Smallholder Agriculture Programme [ASAP] and Agri-Business Capital [ABC] Fund), but none is exclusively dedicated to support innovative ideas or solutions. **In 2019, the Innovation Challenge was implemented, and this was the first special funding initiative since the IMI (2004).**
19. With the exception of the CDI performing coordination work for innovation, **it is difficult or impossible to have an exact estimate of the number of dedicated staff in IFAD,** because operational staff (such as country programme managers [CPMs], programme officers and technical advisers) also contribute to innovation-related processes. IFAD staff responses to the electronic survey outlined the insufficient availability of incentives to promote innovations. Nonetheless, changes implemented in 2018 and 2019 in the IFAD business model have provided positive signs for the incorporation of effective innovative approaches.
20. **Electronic survey results.** Staff responses to the electronic survey clearly underscored **the insufficient availability of guidelines and incentives to innovate.** Tensions appeared when loan-supported project results were targeted in parallel with the identification of genuinely novel solutions, which can be risky and hamper projects' effectiveness.
21. **Benchmark comparison.** Considering the benchmark indicators developed by the CLE, **the IFAD model of supporting innovations is one of the top two among IFIs and RBAs.** Compared to the World Bank (the other leading one), IFAD's shortcoming has been the lack of specific guidelines to support its innovation agenda.

C. Findings on the performance of the IFAD-supported innovation process

22. **Relevance of innovation processes.** The IFAD-supported innovation process starts with the planning and design of country strategic opportunities programmes (COSOPs) and projects. The approach applied at this stage is moderately relevant, but ad hoc and unsystematic, due to the lack of a framework to follow. The process advances during implementation, and at this stage, IFAD's approach is relevant and conducive, leading to the identification of adaptive innovations in evolving contexts, **despite the persistent lack of a framework for this purpose. At the completion stage, the innovation process is incomplete, due to insufficient analyses and documentation of results achieved by the innovations promoted. Overall, the case study evidence revealed that, despite the lack of a framework to steer the innovation processes, a diversity of IFAD-supported innovations occurred. These innovations were mainly relevant (to their context and to smallholder farmers), but remained scattered and stand-alone.**
23. **Effectiveness of IFAD-supported innovations.** Overall, **the effectiveness of IFAD-supported innovations has been satisfactory.** The case study evidence showed that innovations within the specific domains of natural resources management (NRM), human capital and social capital were assessed as very effective. Examples of NRM innovations are described below. **The satisfactory performance of innovations in human and social capital is indicative of IFAD's efforts to bring about notable change in strengthening the capacity of farmers, their organizations and rural institutions.** Examples relating to human capital are: the rural talent platform in Peru; peer-to-peer training in the Republic of Moldova; a mentoring approach for individual households in Ethiopia; and innovative curricula in Bangladesh. Examples relating to human capital are: community networks in Sudan; rural dialogue groups in El Salvador; and land rights management in Malawi. **Cases of less successful innovations were found for economic capital aligned with challenges to sustain access to rural finance for smallholder farmers, for example: establishing a guarantee fund in the Republic of Moldova; and facilitation funds for access to medium-term rural credits in Cameroon.**

24. Innovations within the GP were, in general, effective: 59 per cent were rated very satisfactory or satisfactory (for example, the land regulatory framework in Madagascar, and innovations for improving the participation of beneficiaries in several countries), 33 per cent moderately satisfactory, and 8 per cent lower. **This good performance of governance innovations indicates the importance given to enabling factors in IFAD operations.** With regard to the APVC-related innovations, the effectiveness was mixed (54 per cent very effective or effective, 32 per cent moderately, and 14 per cent lower). Less success was observed for innovations in the specific domain of marketing and access to markets (e.g. market and information system in Ethiopia), while **production-related innovations were mostly effective or very effective** (74 per cent of cases). The latter innovations were mainly productivity enhancement technologies, for instance: high-yielding and/or resistant crops, certification of seeds, improved cropping techniques (for better management of soil nutrients and water), irrigation techniques, improved animal husbandry practices, and access to veterinary services.
25. **Transformative innovations.** Evidence revealed that **the effectiveness of stand-alone innovations was enhanced when they were implemented as a bundle, highlighting the need for bundling or packaging innovations of different specific domains** (for example, innovations in the APVC plus the SEP and GP, or in the NP plus SEP and GP), in order to give them a transformative dimension. In fact, an innovation does not need be radical to be transformative. **Transformative innovations are those able to lift poor farmers above a threshold from which they cannot easily fall back after a shock.** This is possible with a package of innovations that can tackle simultaneously multiple challenges facing smallholder farmers. Very few examples of bundled innovations were identified within the case study evidence – as for instance: the Society for the Intensification of Agricultural Production in Senegal; the irrigation schemes linked with users organization in Rwanda; and public-private-producer partnerships (4Ps) with Mars Inc. in Indonesia – because the approach was not a focus of IFAD-supported innovation processes in the period reviewed.
26. **Effectiveness of non-lending activities in supporting innovations.** In terms of knowledge management (KM), **evidence from the case studies suggested that KM could bring better effectiveness to innovations;** as, for example, in the Philippines, where the IFAD team has been very active in facilitating lesson-sharing via workshops with a wide range of stakeholders, online videos, and publication of a book on innovations. However, overall, knowledge on innovations has not been collected and shared in a systematic and consistent fashion. **At present, innovation knowledge and information are dispersed, due to the existence of a plethora of channels and information overload.** Monitoring and evaluation (M&E) systems are inadequate to capture data and information specifically related to innovations, and to assess their contribution to the performance of investment projects.
27. With regard to partnerships, little attention was given in country programmes to the capability of loan-supported project partners to scout for effective innovations, or to the strengthening of synergies among stakeholders of agricultural innovation systems at the national level. Similarly, policy engagement activities had insufficient focus on improving national frameworks for greater government commitment to IFAD-supported innovations processes at all stages. **Overall, mixed results were observed with non-lending activities in supporting agricultural innovation processes.**
28. **Efficiency of IFAD-supported innovations.** There was insufficient availability of project monitoring and financial data to prove any relationship between innovations and project efficiency. Case study evidence showed that project costs per beneficiary were reduced in some cases through social capital innovations that enhance the participatory involvement of local communities (in Ethiopia, Kyrgyzstan, Malawi and Senegal). **Evidence revealed that adaptive innovations during the life of a project played an important role in preserving the overall efficiency of many projects.**
29. **Contribution of innovations to impacts on rural poverty.** With few negative or unintended impacts, **the performance of innovations according to impact domains was positive overall, although it was difficult to prove the causality.** Many production-oriented innovations (mentioned above) made important contributions to increasing agricultural productivity among beneficiary farmers. Productivity gains, in turn, often contributed to

improvements in food security, and household incomes and assets, whereas the results depended on other factors such as market access and enabling governance factors.

30. In terms of capabilities and rural institutions, innovations linked to social capital (e.g. land rights management and rural networks), human capital (e.g. training approaches), and in implementation processes and approaches (e.g. participatory approaches) contributed to the development of strong capacities on the part of farmers' organizations and to the enhancement of rural institutions. Positive impacts increased when the two types of innovations (socio-economic aspects and implementation process and approaches) were combined, confirming the need for bundling innovations for transformative results. **Failures in achieving impact were usually linked to difficulties with access to finance, poor targeting or excessively complex innovations for local organizations.**

D. Findings on inclusiveness

31. **Gender equality and women's empowerment (GEWE).** Few innovations specifically targeted women, but many were also useful to address challenges they faced, and **the overall performance was satisfactory.** Loan projects were less likely to introduce targeted innovations benefiting women, while grants offered a more flexible way to address GEWE. The innovations focusing on women were too scattered in general, and not bundled, with the exception of the Gender Action Learning System (GALS) methodology. **Innovation bundles including influencing access to resources, capacity-building and social measures are necessary to ensure good impact on women.**
32. Case study evidence showed that innovations in socio-economic-specific domains (e.g. rural micro life insurance in Peru, rocket stoves for cooking in Malawi, and time-saving equipment for women in El Salvador) and production-specific domains (e.g. in Bangladesh, domestication and production of mud crabs) were the most influential on women, the latter probably because many women are actively involved in production activities. **Context is critical, as gender considerations vary considerably among countries** and, for this reason, gender-linked innovations have varying effects in different settings. Therefore, bundling of innovations is necessary to ensure good impact for women.
33. **Innovations for youth promotion.** IFAD-supported innovations to promote youth enterprises are very recent, and evidence on results is limited. Information and communication technologies (ICT) is an area considered to be of particular interest for young people, and related technologies will keep them involved in agriculture. The case study evidence showed that the specific domains of operational practices and approaches, human capital and social capital (e.g. in Cameroon, El Salvador and Peru with, respectively, a youth incubation approach, a youth network, and a hackathon to create technological solutions) were successful for young people in developing innovative solutions. **Innovations linking young people to economic capital (e.g. rural finance) and markets were less successful, and, thus, the overall effectiveness was moderate.**
34. **Innovations for indigenous and poor groups.** Few innovations targeted indigenous groups and the very poor, but, overall, they were effective. Innovations targeting these groups were easier within grant projects than within loans. Evidence showed that household-level or individual support innovations were more successful. Some countries (e.g. the Philippines) have introduced highly innovative ideas for working with indigenous peoples or very poor groups. For instance, household mentoring was effective as a mechanism for social inclusion, and a graduation model for ultrapoor households. With indigenous peoples, innovations such as the covenant approach to NRM, the usage of participatory 3D mapping tools to identify indigenous lands, and strengthening indigenous land ownership were assessed as relevant and effective.

E. Findings on natural resources management and climate change

35. **Natural resources management (NRM).** Despite the low number of specific NRM-related innovations, IFAD supported sustainable innovative agricultural production practices (e.g. soil and water conservation, small-scale irrigation, agroforestry, and intensive farm and pond systems). Several projects have recently been developing win-win solutions for the management of marine and inland waters, elaborating solutions that sustainably manage biodiversity, restore habitats and allow for greater harvests. For example, the innovative baywide alliance management approach in the Philippines has brought together several bayside councils and community actors to protect and co-manage a defined coastal area. **Most NRM innovations supported by IFAD were transferred from other settings, adjusted, and then disseminated in loan projects, and were assessed, overall, as effective.**
36. **Climate change (CC).** There were also only a few innovations specialized in CC issues (adaptation not mitigation), as the topic is very recent. Countries are at different stages of internalizing the CC threats and developing coping strategies. Valuable innovative experiences can be found in all categories, which can be transferred and pilot-tested elsewhere. For instance, some projects (e.g. in Bangladesh) tried to capture the phenomena related to CC by innovating in information system tools at different levels. Other projects put in place innovative protective measures in storm- and flood-prone areas (e.g. Bangladesh and El Salvador). Adaptation was also sought with innovations related to improved varieties and that address water scarcity (Kyrgyzstan, the Republic of Moldova, and Tunisia). **The innovations analysed are considered very relevant in responding to adaptation challenges of CC.**

F. Findings on sustainability

37. **The sustainability of innovations is influenced by their degree of novelty, coupled with their level of success.** An unsuccessful innovation is unlikely to be sustainable. However, an innovation may be highly innovative but not successful in practice. Compliance with both aspects increases sustainability. The novelty of innovations decreases over time, as they become simply normal good practice, reflecting in many cases the successful uptake of the innovation. Other key aspects for sustainability are the institutional and financial frameworks, such as the availability of ongoing finance, and the institutional embedding of the innovation with relevant actors. **Overall, the sustainability results of innovations were mixed.** Indeed, innovations in the domain of social capital showed greater sustainability, while those dependent on financial elements were the least sustainable. The lack of access to financing was often the problem for the sustainability of innovations, in particular, for value chain innovations.

G. Findings on scaling up

38. **In terms of scaling up, case study evidence showed mixed results.** Innovations within the specific domains of economic capital, production and implementation process and approach were more likely to be scaled up than were other types. Consequently, governments and other funding partners were more favourable of supporting these innovations when successful. It also appears that **innovations were more likely to be scaled up if they were in bundles** (e.g. the Society for the Intensification of Agricultural Production in Senegal, and the irrigation schemes linked with users' organization in Rwanda), probably due to their transformative potential. A key determinant for effective scaling up is to identify pathways for scaling at the project planning stage, while ensuring a good social fit. This is supported by a stable political context and the consistency of long-term planning and perspectives. Failure to scale up innovations is often linked to poor social fit, as well as the lack of focus on geographical and cultural differences between regions.

H. Conclusions

39. In summary, the 2007 Innovation Strategy was a key milestone of IFAD's innovation agenda, but its relevance has been moderate. Indeed, it suggested pathways for IFAD's innovation agenda, but included no specific objective and, thus, no operational framework followed. The allocation of dedicated resources had to wait until 2019 to be effected, following the IMI of 2004. Despite this, the CLE found IFAD's business model for innovations to be one of the best, by comparison with other RBAs and IFIs.
40. Regarding the innovation processes, these were assessed as moderately relevant at the planning, design and completion stages, and as very relevant and effective during the implementation stage. At all stages, the lack of guidance or guidelines, to steer innovation processes and to apply a systematic approach to innovations, was underscored as a weakness. Moreover, non-lending activities contributing to the effectiveness of innovations processes showed shortcomings in terms of knowledge-sharing, capability of national players and commitment of resources.
41. Nonetheless, IFAD was successful in promoting a diversity of stand-alone innovations, which were effective and likely to have contributed to the project impact achieved. However, most such innovations lacked transformative features. Findings confirm that grants were prominent for developing and testing genuinely novel solutions, while loans supported the transfer and uptake of proven (less risky) innovations already developed elsewhere. **A key finding of the CLE is the need to bundle or package innovations addressing diverse challenges of the agrifood system, in order to give them a transformative dimension.** However, this approach has not benefited from the attention of IFAD-supported innovation processes.
42. Over the period reviewed, IFAD supported innovations addressing other thematic areas. **With regard to the sustainability and scaling up of innovations, the results achieved were mixed.** It appears that the likelihood of scaling up increases when innovations are bundled with transformative features. **An overall satisfactory performance was achieved with regard to innovations addressing NRM and adaptation to CC,** because numerous production-related innovations contributed to addressing challenges on these issues.
43. Satisfactory performance was also attained for GEWE, while innovations related to youth promotion performed moderately, due to difficulties in sustaining young people's access to financial inputs and services. Finally, **in terms of indigenous and marginalized groups, effective results were achieved,** due to innovative ideas introduced in some countries, with IFAD's support, for working with indigenous peoples and for targeting the very poor.

I. Recommendations

44. The recommendations seek to revamp IFAD's innovation agenda and to enhance its performance in order to bring about effective, sustainable and resilient transformation in rural areas. They are aligned with recent United Nations system guidance, namely, the SPACE (Strategy, Partnerships, Architecture, Culture, Evaluation) model (presented in table A9, annex IV), developed in the framework of the United Nations Innovation Network, to help United Nations organizations accelerate their innovation impact.
45. **Recommendation 1: IFAD should set clear corporate/strategic goals for its innovation agenda, and develop and implement operational frameworks,** aligned with its 2016-2025 Strategic Framework and the 2030 Agenda. The framework should provide an appropriate definition of innovation in line with IFAD's operational context, and include specific objectives and priority result areas, as well as guiding principles and actions over a limited period (similarly to the KM theme).
46. **Recommendation 2: IFAD should improve the operating model that supports its innovation processes.** Relevant guidelines should be developed to provide orientation on methodologies (along the project cycle), aiming to: (i) incorporate innovations as key outputs that lead to higher-level results; and (ii) adopt a holistic systems approach to innovations. The guidelines should be less prescriptive, to suggest tools and/or frameworks for monitoring and evaluating innovation processes (linked with existing tools), as well as for assessing their contribution to projects' outcomes and impacts.

47. **Recommendation 3: IFAD should dedicate greater attention to bundles of innovations that are transformative.** The more transformative innovations are, the more sustainable and amenable to scaling up they will be. Orientations should be provided on key methodological steps that favour the identification, at the planning stage, of innovations that can work in synergy with one another, to be clustered or bundled at the implementation stage, leading to packages with transformative features. Guidelines or frameworks suggested in the previous recommendation should allow measuring of results achieved through transformative innovations.
48. **Recommendation 4: IFAD should enhance the innovation culture within its business model to steadily and effectively support its innovation agenda.** This should be accomplished through an ongoing implementation of specific funding initiatives (such as the Innovation Challenge) to elicit an appetite for innovation, and to encourage risk-taking initiatives associated with genuinely novel solutions and approaches addressing important smallholder agriculture challenges. It is also essential to: (i) strengthen internal capabilities (relevant staff required and their skills) for that purpose; and (ii) support emerging innovation champions across the organization by promoting incentive mechanisms (e.g. financial or non-financial rewards).
49. **Recommendation 5: IFAD should increase funding and operational partnerships that contribute to the support of its innovation agenda.** Strategic co-funding opportunities should be boosted with partners (e.g. bilateral with governments, and multilateral with other IFIs) that share similar innovation goals. The aim should be to enhance operational synergies for piloting, uptake, dissemination and scaling up of innovations, especially those addressing issues pertaining to inclusiveness, NRM and adaptation to CC. IFAD's grant programme should be better leveraged for the development of effective innovations addressing smallholder agriculture challenges. Therefore, priority and flexibility should be given to grant proposals that plan on: (i) strengthening capabilities of national players of IFAD-supported innovation processes; (ii) scouting for novel solutions; and (iii) enhancing the effectiveness of partnerships and synergies at the national and regional levels.
50. **Recommendation 6: IFAD should streamline KM tools for accessing and sharing innovation-related information by limiting their number.** One main common platform should be used to promote IFAD-supported innovations and disseminate M&E findings on innovation results and lessons. Opportunities offered by KM events should be used as an occasion to launch and promote the platform on a periodical basis. Communication activities (including social media and internal website alerts) should be used to draw the attention of IFAD staff and other stakeholders to generate and maintain enthusiasm, as well as sustain engagement on IFAD-supported innovation activities.

IFAD Management's response¹

Introduction

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

Recommendations

4. Management takes note of the six recommendations and, overall, is in full or partial agreement with them, with the exception of the sixth. Management's detailed response to each recommendation is as follows.
5. **Recommendation 1.** IFAD should set clear corporate/strategic goals for its innovation agenda, and develop and implement operating models, aligned with its 2016-2025 Strategic Framework and the 2030 Agenda. The framework should provide an appropriate definition of innovation in line with IFAD's operational context, and include specific objectives and priority result areas, as well as guiding principles and actions over a limited period (similarly to the knowledge management theme).
6. **Agree.** Management agrees with the recommendation to define strategic goals and to implement an overarching operating model to support a systematic approach to promote innovation. IFAD aims to align to the United Nations' SPACE (Strategy, Partnerships, Architecture, Culture and Evaluation) Framework for innovation issued in 2019. Management also recognizes the need to develop a definition of innovation that is in line with IFAD's operating context. The operating model ought to support: (i) well-timed and targeted innovations; (ii) long-term thinking; (iii) the development of a user-centric process to identify and incubate new ideas; (iv) informed and calculated risk-taking; and (v) a data-driven focus on learning, impact and results. Management also acknowledges the importance for the operating model to clarify how best IFAD can embed sufficient innovation expertise at both the corporate and field level while also taking account of IFAD's size and resources constraints.

¹ The Operational Policy and Results Division sent the final Management response to the Independent Office of Evaluation of IFAD on 17 July 2020.

7. **Recommendation 2:** IFAD should improve the operating model that supports its innovation processes. Relevant guidelines should be developed to provide orientation on methodologies (along the project cycle), aiming to: (i) incorporate innovations as key outputs that lead to higher-level results; and (ii) adopt a holistic systems approach to innovations. The guidelines should be less prescriptive to suggest tools and/or frameworks for monitoring and evaluating innovation processes (linked with existing tools), as well as for assessing their contribution to project outcomes and impacts.
8. **Agree.** Management fully supports this recommendation. Indeed, the lack of an operating model, culture and appetite for risk has been identified as one of the most predominant constraints to the promotion of innovation. Management also takes note of the recommendation to develop guidelines that provide orientation on methodological steps that favour the promotion of innovation during the project cycle. The development of a definition, goals, unique value proposition and operating model will present an opportunity to adequately integrate resources and sustain innovations over time in alignment with IFAD's corporate efforts on monitoring and evaluation (M&E), Information and Communication Technologies for Development (ICT4D) and knowledge management (KM).
9. **Recommendation 3:** IFAD should dedicate greater attention to bundles of innovations that are transformative. The more transformative innovations are, the more sustainable and amenable to scaling up they will be. Orientations should be provided on key methodological steps that favour the identification, at the planning stage, of innovations that can work in synergy with one another, to be clustered or bundled at the implementation stage, leading to packages with transformative features. Guidelines or frameworks suggested in the previous recommendation should allow measuring of results achieved through transformative innovations.
10. **Partially agree.** Management agrees with the recommendation to focus on the identification of synergies among innovations that facilitate clustering and bundling them during implementation to allow for truly transformative innovations. Transformative innovations are translocal: "they are locally rooted and globally connected" and ought to be piloted to scale up.
11. The use of guidelines or frameworks to measure results achieved through transformative innovations could hinder the generation of novel solutions, as not all innovations turn out to be successful, nor should they. Management considers that a more accurate indicator of innovation would be the number of new ideas tested within projects, rather than the success of those ideas. Hence, the innovations operating model should support leaner processes and operations and promote learning, rather than create bureaucratic impediments to novel ideas or foster a culture that is risk- or failure-adverse.
12. **Recommendation 4:** IFAD should enhance the innovation culture within its business model to steadily and effectively support its innovation agenda. This should be accomplished through an ongoing implementation of specific funding initiatives (such as the Innovation Challenge) to elicit an appetite for innovation, and to encourage risk-taking initiatives associated with genuinely novel solutions and approaches addressing important smallholder agriculture challenges. It is also essential to: (i) strengthen internal capabilities (relevant staff required and their skills) for that purpose; and (ii) support emerging innovation champions across the organization by promoting incentive mechanisms (e.g. financial or non-financial rewards).
13. **Agree.** Management agrees with this recommendation; however, fostering an innovation culture, scouting for novel innovations, and creating opportunities and rewards for innovators entails addressing the need for dedicated resources, i.e. engagement of internal and/or external stakeholders, staff time, budget and partnerships. Management recognizes the need to optimize the use of scarce resources to promote greater innovation at the country and regional levels. Therefore, in order to support initiatives such as the IFAD Innovation Challenge, non-traditional partnerships and innovative funding mechanisms (such as mobilization of non-core resources) are being considered.

14. The emergence of voluntary champions has been fostered within the organization in alignment with the SPACE model by creating forward-looking opportunities, such as the IFAD Innovation Challenge. In this respect, Management recognizes the importance of establishing a reward system that “shifts ad hoc, outlier innovative behaviour into a central characteristic of the organization’s culture” in alignment with the SPACE model. Financial and non-financial rewards can be offered to staff that embrace end-user thinking, take risks and pioneer the ownership of solutions. Some of the rewards that could be considered are: public recognition; interaction with the organization’s senior management; formalized career advancement; opportunities of working in the staff member’s area of interest; and specialized training.
15. **Recommendation 5:** IFAD should increase funding and operational partnerships that contribute to the support of its innovation agenda. Strategic co-funding opportunities should be boosted with partners (e.g. bilateral with governments, and multilateral with other IFIs) that share similar innovation goals. The aim should be to enhance operational synergies for piloting, uptake, dissemination and scaling up of innovations, especially those addressing issues pertaining to inclusiveness, natural resources management (NRM) and adaptation to CC. IFAD’s grant programme should be better leveraged for the development of effective innovations addressing smallholder agriculture challenges. Therefore, priority and flexibility should be given to grant partners’ proposals that plan on: (i) strengthening capabilities of national players of IFAD-supported innovation processes; (ii) scouting for novel solutions; and (iii) enhancing the effectiveness of partnerships and synergies at the national and regional levels.
16. **Agree.** Management fully agrees with the recommendation to increase funding and operational partnerships for innovation. Effective partnerships can contribute to the generation of results and collective impact that would not otherwise be feasible. IFAD has recently established new institutional mechanisms and structures that are already leveraging partnerships to support innovation. These mechanisms include ICT4D, the Private Sector Strategy, the creation of the Private Sector Advisory and Implementation Unit (PAI) and the creation of the Change, Delivery and Innovation Unit (CDI). Management welcomes the recommendation to better expand the use of these mechanisms and others for the development of effective innovations to address smallholder agriculture challenges and promote inclusiveness, grass-roots innovation, youth entrepreneurship and the establishment of non-traditional partnerships, in particular those that relate to value chains, NRM, and CC mitigation and adaptation.
17. The recommendation to give priority and flexibility to grant partners’ proposals to generate and scale up novel solutions that respond to the local needs, interests and values of the communities involved is well received. However, this must be accompanied by a system that allows testing based on the understanding that not all innovations succeed and that intelligent failure, e.g. failing cheap and fast, is part of the innovation process. In this context, converting assumptions into knowledge during all stages of the innovation process (e.g. ideation, incubation and acceleration) becomes a priority to manage risk and optimize the use of resources. This can be done, for example, by undertaking consultations during the ideation phase and by implementing surveys, interviews and running tests of prototypes during the incubation phase to test assumptions and collect users’ feedback. The validation process must continue throughout the design and development process, and decisions ought to be based on the data and evidence collected during the validation process. Tests should focus on identifying that the assumptions are correct or flawed. Implementing this approach to innovation will serve to manage risk, to enhance learning and to look for solutions that have a truly user-centric and targeted approach. It is also important to leverage grant resources in a more focused and strategic way, given broader changes in the availability and use of such resources.
18. **Recommendation 6:** IFAD should streamline KM tools for accessing and sharing innovation-related information by limiting their number. One main common platform should be used to promote IFAD-supported innovations and disseminate monitoring and evaluating findings on innovation results and lessons. Opportunities offered by KM events should be used as an occasion to launch and promote the platform on a periodical basis. Communication activities (including social media and internal website alerts) should be used to draw the attention of IFAD staff and other stakeholders to generate and maintain enthusiasm, as well as sustain engagement on IFAD-supported innovation activities.

19. **Partially disagree.** While Management agrees that effective storytelling is often linked to success in innovation, the SPACE model also supports the notion that “effective communication requires a deep understanding of stakeholder preferences and interests, as well as the differentiated methods of communication that will resonate with each group.”
20. Management considers that the creation of diversified innovation-related web platforms would encourage ownership, inclusiveness and the democratization of innovation. The objective is to enhance the participation and adaptation of knowledge-dissemination tools that are tailored for the needs, skills and capabilities of each community.
21. Therefore, the selection of the platform that best fits each audience and group of stakeholders must be user-centric and based on performance indicators that monitor access, use, engagement and users’ experience. Baselines and minimum requirements could be established to determine the relevance of a platform and its value added.

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ISBN 978-92-9266-035-2



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