

# IK Notes

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## Innovation Support Funds for Farmer-led Research and Development

**W**orldwide, millions of farmers<sup>1</sup> are addressing livelihood constraints and exploring new opportunities by experimenting with unique combinations of indigenous knowledge and new ideas from a variety of sources. Their local innovations include both “hard” technologies, such as tools or pest-management techniques, and “soft” innovations, such as new ways of communication or marketing. These socio-institutional changes are generated by groups rather than individuals.

In recent years, international appreciation for the potential of building on local innovation has grown (e.g. Reij & Waters-Bayer 2000). However, the current mechanisms for funding participatory R&D, such as research-extension-farmer councils or competitive grant schemes, are largely controlled by government institutions. They favour activities that involve farmers in the work of researchers and extensionists rather than involving these in supporting farmers’ initiatives. Resource-poor farmers far from the cities and research centres have difficulty accessing these bureaucratic structures and cannot genuinely influence them.

At a workshop in 2004, nine country programmes<sup>1</sup> involved in PROLINNOVA (Promoting Local Innovation in ecologically-oriented agriculture and natural resource management) considered how local innovation could be enhanced. The PROLINNOVA partners (national NGOs and government institutions of research, extension and education) saw a need for flexible funding mechanisms to support farmer-led participatory R&D processes. They developed the concept of locally

controlled “Innovation Support Funds” (ISFs) that would allow farmers to invest in their own research, to hire external resource persons to support it, to access external information, and to conduct cross visits. Here we explore the ISF concept and describe how PROLINNOVA partners envisage their operation.

### Why such a fund?

The strength of local innovation, i.e. that it does not depend on outside intervention, is also part of its weakness. Interactions among farmer

<sup>1</sup> “Farmers” is a collective term that refers to all people who produce and/or harvest from crops, animals and aquatic organisms. It includes peasant / family farmers, pastoralists and fisherfolk, among others.

<sup>2</sup> In Cambodia, Ethiopia, Ghana, Nepal, Niger, South Africa, Sudan, Tanzania and Uganda.

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innovators in different areas and with R&D organisations can accelerate development and dissemination of improved technologies. It is often difficult for farmer innovators to gain relevant information or advice from scientists in interpreting farmers' experimental results, because the farmers cannot bring scientists to see local innovations in the field. Because of limitations in traditional communication processes, useful local innovations often cannot spread and stimulate ideas among other farmers.

More effective interaction among diverse actors in R&D would allow them to explore the wider potential of innovations and scale them up. Farmers could ensure that the interaction is effective if they could control the use of funds for these activities. Large-scale farms and strong farmer cooperatives can invest their own funds to hire scientists, and are often favoured partners of agro-industries. But how can resource-poor farmers with low levels of formal organisation gain access to funds to share and refine their own innovations? How can they attract resource persons to support their efforts?

Government research and extension receive public resources – also through international donors – but are not very accountable to farmers and are weak in responding to smallholders' needs. In many countries, research and extension services are being decentralised in an effort to increase their relevance to farmers. An ISF would provide a channel for a part of public R&D funds to be used to support innovation processes led by farmers working together with researchers and extensionists of their choice. It offers one practical way to decentralise funding to the level where it can be applied most effectively. Placing funds in the hands of the users would increase the accountability and relevance of R&D services (LBL 2002).

### **The contours of an Innovation Support Fund**

An ISF is not intended as an investment or credit fund. It would be an institution managed by a civil-society organisation (CSO) or organisations to support farmer-led research and communication. It would encourage farmers to experiment and innovate by covering certain risks and improving links with external sources of information. Not every local experiment will be a success. The grants made available through ISFs should support exploration and learning, also from failure. For direct investments to increase production through proven technologies, e.g. buying a pump, other micro-finance services would have to be approached. Besides providing grants, the CSOs managing the ISFs would be facilitators in linking farmer innovators with existing mechanisms to finance enterprise development and in ensuring that these become accessible for smallholders.

**Types of costs covered** An ISF would make conditional grants available to innovating farmers or groups to cover costs for:

- risks of experimentation, e.g. compensation for unexpected reduction in yield from experimental plots or animals
- support by researchers or extensionists to local experimentation and innovation processes
- access to information, including visiting other farmer innovators and research stations
- capacity building, particularly for resource-acquisition or income-generation activities to sustain the ISFs.

These expenses could be for analysing and improving a local innovation or for trying out new ideas chosen by farmers. In specific cases, the ISF may provide venture capital to support development of local innovations into marketable products.

**Seed money for village funds.** The ISF would also catalyse establishment of village-level innovation funds. The villagers would specify criteria for use of the funds granted through the ISF and explore ways to “revolve” the funds, i.e. replenish them to support the next round of experimentation. This may be done by selling produce from the trials or accessing government funds for village or district development. Even when such village innovation funds are operating on a revolving basis, the umbrella ISF would still provide grants for farmer-led research with potentially wider relevance but with risks of failure for which the village funds cannot carry the costs. Local accountability could be increased by requiring that experimenting farmers co-invest, in cash or kind, to be eligible for grants through the ISF.

**Selection criteria and process.** Selection criteria and ways of making the funds operational would be defined locally, taking gender, age and socio-economic status into account. In general, PROLINNOVA partners envisage that funds would be granted to innovative community groups or individual farmers who are part of a group or otherwise relate well to their community. A major criterion would be that the funds support local innovation processes that benefit resource-poor farmers. A good balance is needed between assessing the potential wider applicability and relevance of a proposed experiment and allowing enough flexibility to support creative ideas without knowing for sure what the results will be.

**Fund management.** The mechanisms for fund management should allow transparency in procedures for application, assessment and fund disbursement and involve

minimum paperwork, rapid decision-making, and participation of local communities in reviewing the grant applications and assessing the outputs and impacts in their own terms.

### Establishing funds to support local innovation

There is a danger that an ISF becomes a bureaucratic institution. It is therefore important that organisations genuinely committed to empowering farming communities take the lead in establishing an ISF and moving towards increasingly decentralised funding for local innovation. It is advisable to start below national level, e.g. in a district, and work with men and women already known as farmer innovators and with local CSOs that have recognised them, in order to develop the structure and criteria for using the fund. Experience gained in these districts could then be shared with other ones, where similar funds could be started.

**Country-specific design.** Efforts to establish ISFs will take different forms in different countries. Each one needs to identify the most favourable institutional setting and link with existing structures where useful. By exchanging experiences, the country programmes will learn from each other.

Although details may differ between them, all country programmes will test the same assumptions when establishing their ISFs:

- Financing mechanisms for local innovation are effective if owned and managed by farmer innovators, their organisations and supporting CSOs;
- Local innovation can be enhanced by allowing farmer innovators to access funds directly to finance locally mandated research, hire support from external resource persons, link up with other innovators and share their findings more widely.

**Preparatory studies.** In view of their innovative character and the many methodological, institutional, legal and financial aspects that need consideration, the ISFs should be developed step-by-step in order to identify appropriate mechanisms and conditions for effective operation. Experiences with similar initiatives and the legal and institutional framework will need to be studied in each country, so that an ISF can be designed to suit the local context. These studies will help identify the appropriate institutional set-up, mobilise the commitment of relevant institutions, and assess the longer-term feasibility of the ISF, including future sources of funding.

The country-level studies will be supported by a wider review of experiences with funds to promote community development, including alternative ways of funding research and extension, such as reversed funding of agricultural R&D (LBL 2002), Local Agricultural Research Committees (Ashby *et al* 2000), the Indian National Innovation Foundation ([www.nifindia.org/NIF\\_Update.pdf](http://www.nifindia.org/NIF_Update.pdf)), self-financing Farmer Field Schools (Gallagher 2001) and various examples of local initiative funds and decentralised competitive grant systems. This review will produce guidelines for designing and operating an ISF and summarise critical issues and lessons learnt.

**Pilot ISFs.** Based on the results of these studies, each country will set up a pilot ISF in the way it deems most appropriate. The National Steering Committee (NSC) composed of people from governmental and non-governmental organisations will guide the process of testing and scaling up district- and village-level funds to enhance local innovation. A CSO member of the NSC will manage the piloting of the ISF, open an account and establish a governance structure involving farmer organisations and other relevant CSOs. Where organisations representing smallholders are still weak, the fund will initially be governed by NGOs that can voice farmers' interests while building their capacities to organise and speak for themselves. Farmer innovators will initially become aware of the ISF and gain access to it through their collaboration with NGOs, researchers or extensionists engaged in participatory innovation development.

**Action learning.** Together with the local stakeholders, the CSO setting up the ISF will develop a system for action learning through participatory monitoring and evaluation of the fund's operation, outputs, outcomes and impacts. Inter-country learning will be made possible through moderated electronic conferences and a face-to-face meeting toward the end of the pilot phase.

### Recognising the achievements of local innovators

The work with farmer innovators will include joint deliberation about how their achievements can best be recognised. As the local research is funded from public sources, the results must be freely available to the public, but in ways that ensure that the farmers who developed the new ideas are given due recognition and retain the benefits from their work.

If local development processes are to be enhanced, innovation should not be defined in narrow terms of

classical patent law. The recombination of known materials and information in ways that are new for the area would qualify as “local innovation”. The point is not to support only ideas that are new in a global sense but rather to promote development by stimulating local creativity.

### Sustaining the innovation funds

During the pilot phase, the ISF will depend on funds from donor organisations. Because it supports innovation that does not necessarily bring commercial returns, the support is as a grant. To be sustainable, the ISF will need to be replenished regularly, e.g. through:

- national government R&D funds
- other public funding, e.g. from poverty-reduction or food-security programmes
- international donors and embassies
- provision of services in kind
- community-based organisations.

The vision is that a portion of regular R&D funds will be channelled through ISFs rather than the existing formal system. This will require making close contacts with R&D funding sources and showing the effectiveness of ISFs in

promoting local innovation. From the outset, the country programmes will seek ways to generate resources for their ISFs. This will involve policy dialogue to make decision-makers in national and international organisations realise how these locally-controlled funds support change processes that improve the livelihoods of resource-poor farmers.

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This IK Note was prepared by Ann Water-Bayer, Laurens van Veldhuizen, Mariana Wongtschowski and Scott Killough, based on discussion at the International PROLINNOVA Workshop in Yirgalem, Ethiopia, in March 2004 (see [www.prolinnova.net](http://www.prolinnova.net)). Thomas Becker, Ann Braun, Henri Hocde, Koma Yang Saing, Monique Salomon, Ueli Scheuermeier, Bernard Triomphe and Reinhard Woytek helped develop the concept further.