

CROP POST HARVEST PROGRAMME

Institutions for poverty reduction: understanding and enabling institutional changes that promote pro-poor post-harvest innovation

R 8500

ZB No. 0389

PROJECT FINAL REPORT

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Core Partners

Dr. Rasheed Sulaiman V.

Mr. D. Raghunandan

Dr. Andy Hall

Managing Partner

Dr. Rajeswari S. Raina

Managing Partner's Institute:

Centre for Policy Research

Dharma Marg

Chanakyapuri

New Delhi 110 021

India.

Project Final Report

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Section A Executive Summary

A very brief summary of how the outputs of the project contributed to the purpose, the key activities and highlights of dissemination outputs. (Up to 500 words).

The project purpose has been largely achieved. Evidence based strategies for pro-poor institutional change have been generated and disseminated to intermediary and poverty relevant actors: During the course of this seven months project, these actors or end users grew in number, variety and scope from the few considered in the project logical framework. They include DST, NABARD, NEDFi, TRIFED, ICICI, NAIP (ICAR-World Bank), funding/donor agencies – such as the World Bank, and other donors involved in the IAASTD, AKF, FWWB, etc., and several NGOs/CBOs and other promoters of rural innovation). This project was designed in such a manner that it combined

- (i) the analysis and synthesis of lessons on institutional changes that bring about pro-poor innovations, from the body of existing empirical material on innovation processes that the team has collected, and
- (ii) research and capacity building activities that would enable the uptake of these lessons through a learning alliance with intermediate organizations (especially rural finance) and their partners so as to create and sustain these pro-poor institutional changes.

To this end the project also designed research to understand the ways of working of rural finance organizations as well as the ways of working of NGOs/CBOs and others who access rural finance for supporting innovation. The activities and outputs of the project were much more than the project team had anticipated/expected. The team accommodated all the requests from different intermediary organizations, DST, and other donors, despite the time constraint. The team saw these requests as evidence of demand for lessons on 'institutional learning and change' to enable a pro-poor orientation in these organizations.

The learning alliance with rural finance partners and the policy communication with key decision makers for rural/post-harvest innovation, was the dissemination strategy planned with financial organizations. But the project has also committed time and inputs for different uptake mechanisms (mission/strategy/workshops/action plans for programme and projects) in end user organizations/coalitions. The project team was conscious of the different organizational contexts that placed these demands on the team. It therefore, designed /re-designed each communication and output based on requests from these organizations and their internal institutional arrangements and their relationships with existing and potential partners– especially in the case of NEDFi/ TRIFED/ NAIP/ IAASTD/ RWC. The project has built uptake of lessons into the project processes and outputs to the maximum extent possible. In the case of DST, NEDFi and NABARD, by building joint ownership and funding of the activities, in the case of NAIP and IAASTD by analysing and presenting results to their audience/clients on their behalf, in the case of CMFR/ICICI Bank and NEDFi, by promising and working on longer strategies or action plans, in the case of FWWB, Dhan Foundation, TIDE, Lupin Foundation, ANT, etc. by celebrating them as champions in rural innovation or financing rural innovation.

Section B Identification and design stage (max 3 pages)

How did the project aim to contribute to poverty reduction? Was it enabling, inclusive or focussed (see definitions below¹)? What aspects of poverty were targeted, and for which groups?

The project aimed to promote pro-poor institutional change as *the* crucial issue that under-pins pro-poor economic development and social change. Innovation is recognised as central to development practice; but little is known about ways of promoting pro-poor institutional change.

It was an **enabling** project.

The project addressed the capacity of leading (apex) R&D policy organizations and intermediary actors in post-harvest innovation and development, to understand and respond to the constraints to rural innovation that the poor faced in meeting their livelihoods and development demands. It focused on a major actor crucial to post-harvest innovation, the financial organizations. The project focused on improving the capacities necessary in financial organizations to address both the new/modified financial *products* needed to address pro-poor post-harvest innovation as well as new/modified *processes/ways* of working or institutional changes needed to respond to existing and emerging constraints in post-harvest/rural innovation and development.

Please describe the importance of the livelihood constraint(s) that the project sought to address and specify how and why this was identified.

Rural innovation systems include individuals and organizations involved in an evolutionary process of the generation, development, adaptation and utilization of knowledge in specific social, economic and cultural contexts. In an innovation system the focus is not merely on R&D for generation of knowledge but on processes or ways of working that enable identification, generation, and utilization of the best technologies and institutional arrangements in each context. Several case study analyses reveal that intermediary organizations, such as banks and other service organizations such as NGOs, market development agencies etc play a crucial role in these 'processes' – both for technological innovations and institutional (ways of working) innovations.

This critical role of intermediary organizations/individuals is still not given due acknowledgement in formal R&D and policy circles. But there is increasing concern that the challenge of more effectively applying scientific, technical and other forms of knowledge to agricultural and rural development is not simply one of strengthening technology transfer and information dissemination mechanisms. Instead there is a more fundamental problem relating to the organisation of knowledge production and utilization. Addressing this problem would require interaction between producers and users of scientific (codified) and tacit knowledge, from the public, private and civil society sectors, and often in very case specific ways. So instead of the problem being viewed as improving technology transfer per se, in reality it is one of making the right connections and partnerships, and building the right skills for rural innovation along with others in the innovation systems. A new Krishi Vigyan Kendra (KVK) or Agri-Clinic to disseminate technologies among the rural poor does not seem to be enough to respond to the massive and ever changing poverty scenario in rural areas.

¹ **Enabling:** addresses an issue that under-pins pro-poor economic growth or other policies for poverty reduction which leads to social, environmental and economic benefits for poor people

Inclusive: addresses an issue that affects both rich and poor, but from which the poor will benefit equally

Focussed: addresses an issue that directly affects the rights, interests and needs of poor people primarily

Livelihoods constraints were addressed in this project from the perspective of the capacity of intermediary actors in the innovation system to understand and respond to these innovation constraints

Research under CPHP-SA had previously

(a) developed the concept of an innovation system as an analytical tool that explains the processes and patterns of linkage or partnership that lead to innovation and the way habits, practices and approaches, i.e. institutions, incentives and policies shape the innovation process;

(b) identified and analysed institutional change as crucial for shaping the innovation process in ways that specifically address certain stakeholder interests or policy goals (poverty reduction) and also as approaches, processes and groupings of individuals/organisations that provide new ways of tackling problems or exploiting opportunities. These new ways of working are often learnt responses that drive the adaptive evolutionary capability of innovation systems - a combination of technical and institutional changes.

How and to what extent did the project understand and work with different groups of end users? Describe the design for adoption of project outputs by the user partners?

The end users of this research were to be researchers, development practitioners, policy makers and most importantly, donors or funding agencies involved in the post harvest sector. In order to build these capacities in intermediary organizations, especially financial organizations, the project addressed how the poor become aware of, access and utilize financial services for innovation to solve/improve their development problems/livelihoods.

This project was designed in such a manner that it combined

(iii) the analysis and synthesis of lessons on institutional changes that bring about pro-poor innovations, from the body of existing empirical material on innovation processes that the team has collected, and

(iv) research and capacity building activities that would enable the uptake of these lessons through a learning alliance with intermediate organizations (especially rural finance) and their partners so as to create and sustain these pro-poor institutional changes.

To this end the project also designed research to understand the ways of working of rural finance organizations as well as the ways of working of NGOs/CBOs and others who access rural finance for supporting innovation.

The project also involved policy/programme consultations at national/regional/local levels.

At the very outset, the project core team members saw the value in partnering with another DFID project and its rural innovation policy working group (RIPWG) as a way of linking empirical studies and learning mechanisms to the policy process.

The end users of the messages and lessons generated from this project were the key rural finance organizations in India. Among the key financial organizations relevant to rural post-harvest innovation are: the Regional Rural Banks (RRBs) functioning in every district, the nationalised/ public sector banks, the private banks, development finance corporations, investment banks, co-operatives, micro credit organizations, donors, R&D grants organizations.

The design of uptake mechanisms is based on the nature of end-user in this project – i.e., financial organizations funding/supporting rural/post-harvest innovation. The problem with innovation system approach is that the skills to apply methods and tools

may not develop in isolation, and not simply in training classes. These skills are best acquired in a wider group, with other actors in real (potential) rural innovation contexts, with all the participants (resource persons and the trainees) learning together. What is important is to hone the skills to learn *from and with* local contexts – to be able to promote and facilitate rural innovation projects. **So a learning alliance approach was proposed.**

The learning alliance of researchers and staff in financial organization along with other members of potential /active rural innovation systems (NGOs, R&D organizations, entrepreneurs, etc.), would include:

A. exploring some of the schemes/programmes currently implemented by the bank/financial organization to explore its innovation system features

B Developing along with rural banking professionals who can use the method for analysis in other contexts, a few case studies from any sector funded by the organization to illustrate the above (a),

C Experimenting with a capacity development module/a learning programme involving banking professionals, intermediaries and NGOs, other stakeholders and innovation policy researchers like us etc

D Learning together the usefulness and potential applications of the innovation systems approach in (i) conceiving a bankable proposal (ii) developing broad guidelines related to identification of the right institutional arrangements that matter and (iii) operationalising projects in this mode.

During the project period the project team also received requests from and decided to work with some more organizations/donors/groups, to apply and promote the experiences and lessons from the previous and current CPHP projects. These include:

a. The NAIP (ICAR-World Bank)- to be implemented from 2006-2011, for involvement in (i) its pre-project planning phase – design of planning, monitoring and evaluation systems/information requirements, using an innovation systems framework; (ii) its pre-project scenario planning exercise – to help policy makers with inputs for decision-making on where and how much to invest within the NAIP and related Government programmes, so as to promote agricultural and rural innovation.

b. The IAASTD (launched by the World Bank) –three of the project team members are involved, one at the global level and two at the East/South Asia Pacific region, in writing and co-ordinating Chapters on applying the innovation systems concepts and ILAC lessons/methods to enable agricultural research with intended impacts on poverty, malnutrition, employment, gender equity, trade and environment.

c. Rice Wheat Consortium of CIMMYT-IRRI in the Indo Gangetic plains – to undertake a poverty impact pathways analysis using the innovation systems assessment of livelihoods/constraints in the RWC states. This assignment will start in mid-Jan, and is funded by the RWC

d. TRIFED – of the Government of India – to analyse and develop a sector strategy for mahua, an important NTFP for the tribal livelihoods in Central India.

What institutional factors were seen as being important?

This project focuses on institutional factors that promote pro-poor innovation. Earlier evidence from post-harvest innovation systems researched/ facilitated and implemented by the members of the project team revealed several institutional/process constraints in different parts or components in the innovation system. Given the short time and important messages about facilitating rural innovation that the project intended to convey, the project chose to identify and address institutional constraints in two main domains playing crucial roles in post-harvest innovation systems, the R&D domain and the intermediary domain, especially the financial organizations. Both the domains had important institutional

constraints that could be reformed to address the gaps in enabling/funding pro-poor innovation for enterprise development and growth. The project identified leading decision-making organizations in the R&D domain (DST as the main R&D organization of the Government of India with a mandate to use science for development) and intermediary domain – apex banks (NABARD) and other financial organizations (NEDFi and ICICI) with a mandate to fund/support rural innovation.

Institutional factors considered important at the design stage were:

1. Limited mandates
2. Lack of flexibility
3. Risk perceptions and methods of risk assessment
4. Inadequate partnership building skills
5. Binding rules/check lists that prevent learning
6. Lack of incentives
7. Inadequate and insufficient documentation
8. Poor organizational learning abilities
9. Limited tenure of staff in positions to acquire local knowledge and build trust among the community
10. Lack of market analysis
11. Lack of appreciation of seasonal stress and other local constraints
12. Lack of communication among different components/actors in the system
13. Lack of systems thinking/analysis
14. Mistrust of borrowers - NGOs/individual enterprises
15. Inability to communicate lessons learnt or observations made in the field to others within the organization
16. Rigid hierarchies and patterns of control with high centralised modes of planning
17. Technological determinism (ignoring social processes that shape innovation)
18. Narrow and short term view of entrepreneurship development
19. Inability to build partnerships – to access missing information or skills for innovation (before and after enterprise development)

Section C Research Activities

This section should include a description of all the research activities (research studies, surveys etc.) conducted to achieve the outputs of the project analysed against the milestones set for the implementation period.

The project team at the very first meeting (June 05) reviewed the key questions that needed to be answered. The team decided to focus its energies in the limited time (seven months) available, on two of the major actors who could potentially use the lessons from CPHP projects on innovation systems and institutional changes for pro-poor rural innovation. These two actors were identified as the Department of Science and Technology (DST hereafter) of the Government of India and a range of financial organizations providing financial inputs for rural technologies and enterprise development. Among the latter, research was done on several leading financial organizations and NGOs/CBOs accessing their services for rural innovation. But for uptake of pro-poor institutional change, the focus was on the National Bank for Agriculture and Rural Development (NABARD) and the North Eastern Development Finance Organization (NEDFi). The description of research activities here reveals that the team completed more than what was included in the list of activities given in the logical framework, because of some specific requests for uptake of lessons from more organizations. A complete list of activities against the activity list from the logical framework is given in Annexure 6.

1.1 Revisiting and reviewing existing case studies of post harvest innovations and other rural innovations to derive lessons about pro-poor institutional change and ways to enable them.

The synthesis was completed in November 2005 (Annexure 5.1). A draft is being revised to prepare a monograph to facilitate further uptake wherever possible. But more importantly, this synthesis document has been used for some (in shorter and revised form) communication with organizations/agencies involved in rural innovation – as policy makers (DST, NAIP (ICAR-World Bank), TRIFED), research managers (ICAR/SAUs-CRISP workshop, IAASTD), finance managers (NEDFi, NABARD, ICICI Bank, Dhan Foundation, Lupin Foundation, etc.), NGOs/CBOs (TIDE, ANT, Dhriiti, etc.)

A summary of the synthesis document is given here:

Towards pro-poor institutional change- Principles and ways forward

Pro-poor institutional changes are relatively few as organisations are rarely challenged on the pro-poor outcome of their interventions. Even if they are challenged, there are a number of factors that prevents them from contributing to pro-poor innovations. Most of these challenges are institutional and addressing them therefore needs urgent attention. Some of the principles for pro-poor institutional change crystallised from these cases are as follows.

Principles

Coalitions to address technical and institutional issues

Organisations working as part of wider coalition projects (comprising different sets of stakeholders) bring complimentary skills and different perspectives/interests to bear upon the project innovation system. Compared to the earlier routine and practices, they learn to do different things and do things differently in response to the pressures demanded by the coalition.

- *Look for partners with pro-poor focus*
- *Coalition formation and management*

Habits of Experimentation, Reflection and Learning

- Coalition approaches to rural innovation ensure that the members negotiate strategies/interventions among the coalition members. This forces the organizations involved to reflect back on the processes and plans and this contributes to new behaviour.
- Demand for detailed reports and institutional histories ensure documentation. Conscious efforts to reflect and analyse these can potentially contribute to institutional changes within the coalition. Opportunities for cross learning among different coalitions ensure wider uptake. Space, time and resources however need to be provided to support these initiatives.

Role of Innovation Champions

Identifying potential innovation champions in different sectors and supporting initiatives around them can lead to wider institutional changes. There are individuals in any system who can think differently, champion an idea and operationalise it. Such individuals need to be identified and supported.

Donor facilitation- Flexibility and freedom to use funds

The poor often need a longer duration of handholding. Improving the capacity of different actors to work as a system also needs longer and sustained efforts. Addressing the capacity of the poor who are often detached from all kinds of supporting networks is not easy. This demands donor support over longer term, the freedom to undertake frequent corrective steps, flexibility and freedom to use funds. Donors need to be sensitised on these aspects.

Capacity Development to promote innovation system perspectives

Stakeholder meetings - A lot could be achieved by bringing the different actors in an innovation system to come together. This helps in building relationships and better information and knowledge flows

Training programmes- Training programmes to promote application of innovation system concepts in agriculture and rural development helps individuals and organisations (especially those who used to operate in a linear mode for several years) to analyse emerging changes and plan better initiatives.

Case studies- More case studies to draw principles and lessons from pro-poor innovation would further add to the body of evidence and these could be potentially used for wider dissemination and as cases in capacity development exercises.

1.2 The synthesis was also presented to end-user organizations/audiences:

- A. .** Lessons on pro-poor institutional change for rural innovation presented
1. Workshop on Learning with Financial Organizations for Enabling Rural Innovation, (9-10 December), Guwahati.
 2. IAASTD Global assessment workshop, Istanbul, November.
 3. CRISP – Capacity Building Workshop on Applying Innovation Systems Concepts to Agricultural Research, 22-24 November.

Rural innovation is not new technology or new information, but the changes that take place in rural areas when knowledge, technology or information is made available and is put into socially and economically productive use. Promoting rural innovation is not just about promoting knowledge, technology and information, but about developing the capacity to access, adapt, and apply this knowledge in a particular context. Some crucial messages for facilitating pro-poor institutional change in relevant organizations are:

- (i) Invention is not always required for innovation.
- (ii) Transferring technology to rural areas does not promote rural innovation.
- (iii) Capacity development for rural innovation is not the same as training.
- (iv) NGO's need money, but they are donors of knowledge about how to approach rural innovation.
- (v) Participatory development with the poor is not enough to promote rural innovation.
- (vi) Pro-poor rural innovation requires collaboration with all the traditional enemies of the poor.
- (vii) Rural innovation does not need new investments, but new ways of working.

B. NAIP Scenario Planning meetings with

- (a) Secretary and Joint Secretaries, Ministry of Agriculture (11th November, New Delhi)
- (b) Agriculture Division, FICCI (10th November, New Delhi)

Discussed/ used for discussions with

- (a) National Science Foundation, Sri Lanka (19th November, New Delhi)
- (b) International Assessment of Agricultural Science and Technology for Development (IAASTD) East-South Asia, Pacific regional workshop (28 Nov-1st Dec, Penang)
- (c) Learning Platforms for Understanding and Operationalising IWRM – CapNet India workshop (19-21 Dec, Guwahati)

(A detailed list of other presentations made during the previous quarters is included in Annexure 6)

1.2. Enabling rural innovation in a mission mode –

Mission targeted to enable development of sustainable enterprise models and processes – Understanding and uptake of institutional innovations for the CTD-DST Mission (3 year Mission initiated in September 2005)

The Science & Society Division of DST, Government of India launched a Mission to Generate Replicable Technologies and Enterprise Models for benefit of Weaker Sections.

The Mission, being led by CTD on behalf of DST, is to initiate pro-active measures to identify gaps, build upon the experience and capabilities of current and former Core Groups, other NGOs and R&D Institutions, and formulate short/medium-term action research Projects which would deliver the desired replicable enterprise models. Such Projects would have clear time-bound goal of generating replicable Field Models and Co-ordinated Programmes whose output would be Technologies/Models which could be adopted by line-function Departments for employment and income generation in rural areas. The Programme Secretariat, along with selected Experts, would seek to have intensive interactions, to the extent possible in the field, with all potential Groups/Agencies towards identifying the desired Projects.

Efforts under this Project have been to intervene in this process through CTD and introduce the innovation systems approach and methodologies to this exercise. Work done by CTD thus far include:

1. CTD-DST has held 4 Regional Workshops of Core Groups in Chennai, Bangalore, Kolkata and Bhopal involving 27 Core Groups.
2. Drawn up a short-list of 120 potential project ideas out of which 48 promising ones have been identified for the concerned Groups to develop into Project Proposals with the help of CTD.
3. The brief Concept Notes from individual groups have been revised by CTD - based on the innovation systems approach to assist in the development of Proposals

designed to deliver the envisaged pro-poor Enterprise models. This has involved guiding the individual groups as regards perceived needs of user groups, current market trends and roles/perceptions of different actors in the present and foreseeable scenario, the state of art in the relevant technologies and work being done on different aspects, and also catalysing linkages with relevant R&D Institutions.

4. A National Workshop bringing together concerned Core Groups, other NGOs, R&D Institutions, Marketing experts and other resource Persons in 6 technology sectors is being organised by the CTD-DST Mission to delineate the state of art and identify technology gaps, issues in enterprise formation and specific short-term research tasks based on which goal-oriented project proposals can be generated.

The Mission is of 3 years duration of which less than 6 months have passed.

CTD's goals are mainly:

(i) to see that the Mission takes on board the innovation systems approach and, through this process, to encourage the Core Groups to internalise its perspective and methodologies into their functioning and build their capacities to apply it in their work of technology development and dissemination.

(ii) to influence the DST to incorporate innovations systems into their programmes and methods of operationalising their schemes. This would further influence the wider developmental process through these various governmental and non-governmental agencies and other partnerships based on a common approach and goal.

(More details in Annexure 2.3)

1.3. Discussions and interviews with policy makers and practitioners of rural (including post-harvest) innovations – to validate and re-assess lessons from the analysis of pro-poor institutional change.

The following table gives a brief overview of the discussions and meetings with policy makers and practitioners of rural (including post-harvest innovation), especially organizations seeking and receiving funding/support for rural innovation and rural finance organizations funding rural innovation. (See Annexure 6 for other meetings – over the project period – only a few are summarised here).

Table: Meetings/discussions to validate lessons on pro-poor institutional change

Sl. No.	Organization	Key lesson(s) discussed and validated
1.	SIDBI/Lupin Foundation	<p>1. Community mobilisation, organisation of local villagers in Self-Help Groups (SHGs) and micro-finance initiatives – as means to discuss and initiate rural innovation</p> <p>2. Lupin’s remarkable successes in Beekeeping, leveraging and effectively pooling and co-ordinating the micro-finance Scheme of the Small Industries Development Bank of India (SIDBI), other micro-financing and individual bank loans, as well as individual bank loans and governmental rural development Schemes.</p> <p>3. Innovation as a means for supplementary income generating activity in the district aimed especially at small farmers and unemployed youth.</p> <p>4. Up-scaling/dissemination lessons through short-duration training programmes - collaboration with the State Horticulture Department and the District Administration utilising rural development funds.</p> <p>5. Techno-managerial innovations -marketing linkages, tie-ups for appropriate technologies, periodic Seminars and Workshops are organised for interactions with experts, new technical inputs are sourced and organizational linkages forged, farmers experimentation encouraged/validated, leveraging conventional trade channels, etc. + most importantly reviewing and acknowledging failures and scope for improvements.</p>
2.	<p>Dr. Y.S.P. Thorat, Managing Director, National Bank for Agricultural and Rural Development (NABARD), Head Office, Mumbai.</p> <p>Dr. B. B. Mohanty, CGM, Regional Office, Bangalore, Karnataka.</p> <p>Mr. C. K. Gopalakrishna, CGM, Regional Office, Guwahati, Assam</p> <p>Following all these meetings, submission of notes, and the learning alliance proposal (Annexure 3 and 4) – now the team has been invited to make a presentation to NABARD Head Office, on 31st January.</p>	<p>1. Rural finance can deliver better financial products and develop better ways of working/ processes of finance delivery or facilitation for rural innovation. The use of systems approach is important.</p> <p>2. Financial organizations have to and can learn in a non-hierarchical manner from local coalitions of actors.</p> <p>3. Capacities to map sectors (of innovation or with potential for innovation) and identify relevant actors/partners have to be built through experiments/action research. Training may not help very much.</p> <p>4. Existing practices of (including internal evaluation of) credit/priority sector lending does not help rural innovation. These are constrained by lack of technological understanding, improper market survey, risk perceptions, hierarchy, rigid rules/norms, etc.</p> <p>5. The use of innovation systems approach as an analytical tool can help rural banking professionals identify and appraise rural</p>

		innovation proposals.
3.	Dr. Apoorva Oza, CEO, Aga Khan Rural Support Programme, Ahmedabad, Gujarat, a unit of the Aga Khan Foundation.	<p>1. Identification of local partners for any remunerative intervention is a job that takes time and has to be done by a local NGO/CBO with substantial trust/presence in the field.</p> <p>2. When organizations have little time and personnel to document and learn lessons – from failures in particular, there is an intuitive process of learning lessons that is built into some sensitive organizations. But this does not happen in all – especially not in Government organizations without local accountabilities and with only upward accountability within the organization.</p>
4.	<p>Mr. Arvind Reddy and Mr. Salil, Winrock International India, New Delhi.</p> <p>Mr. K.M. Udappa, Former DGM, Syndicate Bank (the one who formulated and implemented the first loan for biogas plants – 1973), now part of the SFCBA with WII and other partners.</p>	<p>Solar Finance Capacity Building Alliance – a learning alliance that encourages and trains bankers to understand and fund solar energy based enterprises in rural areas.</p> <ol style="list-style-type: none"> 1. How we could explore the ways in which WII decided to support RE, and how this programme has evolved 2. What are the lessons that WII had learnt when it decided to build the capacity of credit/finance organizations to fund and support rural energy projects/enterprises? Can we meet its clients – the rural energy enterprises they have funded and supported? Other partners or collaborators? 3. If WII would share with us the available material (training manuals, recorded workshop proceedings, etc.) on their capacity building efforts for bankers; 4. Who are WII's main partners in this capacity building alliance (when and how did it shift from being an initiative to an alliance?) and how or why were these partnerships established (an alliance of 5)?
5.	Dr. Smita Misra Panda, National Co-ordinator, CapNet India, Institute for Rural Management Anand (IRMA), Gujarat.	<p>In sectors like water, the complex issues and range of actors involved demands systems approach to understand the institutional constraints/problems, and to operationalize any solution or intervention or policy impact that the network decides to undertake.</p> <p>Learning platforms, as coalitions of actors, are necessary to understand and operationalize integrated water resources management.</p> <p>Changes in behaviour in each actor involved can be used to assess whether learning has taken place, and the direction in which the coalition is moving.</p>

8	<p>Discussions with</p> <ol style="list-style-type: none"> 1. TIDE (27th July) 2. DST (16th September, 3rd October) 3. CAPART (9th September) 4. Ministry of Food Processing (22nd September) 5. BIRD (18th-19th July) 6. Ministry of Agrl.(with CASA during the last week of July) 7. NAIP (5th October) 8. CASA (last week of July) 9. NAAS (note on professional associations and rural innovations – last week July) 10. IRMA (22nd July) 	<p>Internal or organizational practices and habits that enable better understanding of rural innovation.</p> <p>Practices changed for want of understanding of the context/market/other partners/other reasons that are seen as hindrances to achieving certain mandated targets.</p> <p>(Already listed in quarterly reports submitted)</p>
9	<p>Communication with –</p> <p>ICICI Bank</p> <p>Dr. Nachiket Mor (Executive Director)</p> <p>Dr. Annie Duflo (Director CMFR, Chennai)</p> <p>Dr. Sarah Djari (Head, micro Finance Strategy Unit)</p>	<p>Ways to use innovation systems principles and processes of institutional learning and change in the MSU, to build a case for using microfinance portfolios held by ICICI bank, and MFIs associated with ICICI bank, to finance rural innovation using: (a) new/modified financial products and (b) new/modified rules/norms/ways of working.</p>
10	<p>Friends of Women, World Bank</p>	<p>Friends of Women’s World Banking (FWWB), a prominent micro credit retailer based in Ahmedabad. For FWWB, who has been financing Vardan for its micro credit programme, successful completion of the lift irrigation project meant better incomes for its clientele and less risk in terms of repayment. In other words, FWWB could think and act like a stakeholder in the project rather than a sheer purveyor of investment credit. It is this stakeholder mentality that the banking sector is lacking when it comes to development financing.</p>
11	<p>NEDFi</p>	<p>Workshop CD + NEDFi action plan enclosed</p>
14	<p>Dr. M. Vasimalai, Director, Dhan Foundation, Madurai</p>	<p>DHAN foundation has difficulties of engaging with the banks for financing the SHGs during the initial years. But over the years it could convince the banks that it is in their benefit to support the SHGs formed by DHAN as it is a good source of business for them. But with good success in organising SHGs and developing their capacities, DHAN could convince the banks and the banks started using DHAN staff for training bank officials on SHGs and financing them.</p> <p>DHAN was not keen initially on improving the incomes of the SHG members through new enterprises. But over the years, as the</p>

		disposable funds started increasing, DHAN has started venturing into the field of micro-enterprises. They have now started organising the groups for undertaking specific enterprises.
15	Sri. K. M. Udappa, Managing Trustee, Bharatiya Vikas Trust, Manipal, Uduppi.	<p>Financing rural innovation demands some changes in the banking sector. Mainly, (a) ability to partner with and learn from technological sources/partners, (b) willingness to build internal capacity – to facilitate technological change and rural development, (c) commitment from the top bosses to orient the bank/financial organization to work with the poor and address their innovation demands, (d) financing one technology demands financing or supporting or doing a market survey for other actors or parts of the value chain.</p> <p>The Solar Finance Capacity Building Alliance draws upon several lessons learnt by WII, Syndicate Bank and CTD- Resource Centre for NGOs.</p> <p>The personal commitment of a banker to rural development counts as much as or more than all the rules/norms that hinder financing rural innovation (the Syndicate Bank funding for biogas plants in 1973).</p> <p>The success of SELCO in the Southern States in providing solar lighting to the rural poor has to do with a good business strategy and overall pro-poor work culture.</p>
15	Rural Innovation Policy Working Group (RIPWiG)	<p>Meeting with RIPWiG fixed for 24th January.</p> <p>The team to present the “Lessons on financing rural innovation.”</p>

2.1 Collecting, interpreting and making available the existing information about financing rural innovation.

A. Findings on research done on “the gaps in financing rural innovation.”

Post-harvest innovation for pro-poor rural enterprises involves several stages of work that require different types of funding/support services:

- (a) during the development phase, when technologies and systems are being evolved towards establishing a basic model, and
- (b) during the dissemination phase when enterprises based on the basic model are sought to be established in different locations under diverse field conditions.

What exists:

- (a) Funding in the form of grants is, with several limitations, available in India from some Central Government Departments for the former (research or developmental phase).
- (b) Funding for dissemination is, at least in theory, available from numerous Government Departments and Developmental Agencies in the Centre and in the States, as well as from financial institutions and rural banks usually in the form of loans with, in some schemes, part of the funding requirements for certain categories of expenditures, being covered by grants usually not exceeding 25 percent.

In the current institutional milieu in which developmental agencies and financial institutions function, and even where best practices obtain and are followed by the developmental and financial sector respectively, there are serious gaps in funding in both phases which today stand in the way of such a transition. Consequently,

- (a) the mainstreaming of innovative enterprise models is constricted
- (b) the desired pro-poor impact is limited
- (c) confidence of both developmental agencies and financial institutions in the innovative process is undermined
- (d) the motivation of technological and managerial innovators suffers.

Compared with other scientific departments, DST does provide grant-in-aid support for efforts to develop not only specific technologies but also related aspects that a viable enterprise necessarily entails. But the above gaps pose three distinct but related problems. (a) The rural enterprise may not take-off and become self-sustaining, raising doubts about the technology developed or adopted.

(b) Subsequent efforts at raising working capital from banks may suffer as banks view with some suspicion an enterprise into which considerable grants have been pumped but which is still unviable.

© Third, a question-mark arises as to the very viability of the model itself and inhibits further dissemination.

Some lessons to be considered, from evidences of pro-poor post-harvest innovation are:

- (a) Efforts to build-in revolving funds in normally grant-giving departments have not met with success as these agencies, believe these to be banking rather than developmental functions.
- (b) Working capital performs a special and unique function in pro-poor enterprises as compared to conventional ones.
- (c) Innovative pro-poor enterprises also require additional or differently-oriented financial support for a rather protracted process of skill upgradation and capacity building.
- (d) Innovative enterprises are also likely to involve new products that require market promotion in an environment where the enterprise has few, if any, resources for advertisement or other promotional activities.
- (e) Poor entrepreneurs by definition have little or no ability to take risks. Therefore it is essential to find some mechanism of providing a version of venture capital for pro-poor enterprises.

Presently financial institutions including rural banks, and the apex R&D bodies like DST, have no provision to address these varied and highly specific financial products and other support services required for rural innovation and enterprise development, employment generation and poverty reduction. (Annexure 5.2).

2.1 B. Need for and research done on understanding existing institutional constraints in rural finance – perspectives and inside stories from rural finance organizations and NGOs and entrepreneurs accessing finance for rural innovation.

The synthesis (1.1 and 2.1 A above) also revealed the need to understand the major constraints to partnership building and overcoming other institutional constraints. The project team met in September 2005, to discuss why the agencies funding rural /agricultural development programmes were insensitive or inadequately equipped to support rural/post-harvest innovation. The literature on post-harvest innovation as well as previous research conducted under CPHP – SA, do reveal how R&D organizations as a rule stop short of enabling rural innovation and concentrate on technology or knowledge production alone. Just as the R&D organizations that limit themselves to generating technologies, financial organizations limit their role to generating or providing rural credit.

2.1 B(i) A review of literature carried out revealed that much was known and published about rural finance as well as about rural innovation. But very little was written and available in published form about financing rural innovation. The brief annotated bibliography prepared is attached here (**Annexure 5.3**). This annotated bibliography was also given to/used to initiate discussions with financial organizations and policy makers involved in rural development.

2.1 B (ii) Research on institutional constraints in financing rural innovation:

This project hypothesizes that institutional change is an important way of shaping pro-poor innovation. Understanding the nature of institutional changes (changes in rules/norms/ways of working) that bring about pro-poor innovation and the capacities and skills required by the actors in the innovation system to create these pro-poor institutional changes is therefore important.

Existing empirical evidence on rural innovation (from previous CPHP projects) reveal the crucial role played by a local NGO/ CBO in accessing and utilizing technological and institutional innovations (including appropriate financial packages). In some public sector Regional Rural Banks, private banks, and major donor agencies (the Aga Khan Foundation, DFID, SDC, etc.) reviewed there was a clear strategy to find and empower a local NGO/CBO to implement a rural innovation and rural development project.

The project team commissioned two pieces of research

- (i) to understand the institutional constraints faced by banks and other financial organizations in financing rural innovation, and
- (ii) to understand the institutional constraints faced by NGOs/CBOs promoting rural innovation in accessing credit and other financial inputs/services necessary for rural innovation and enterprise/market development.

The reports also included ways adopted by financial organizations and NGOs/CBOs promoting rural innovation to overcome these institutional constraints. (ANNEXURE 5.4 and 5.5)

2.1 B (iii) Strategy document + Preparation of policy briefs, work-in-progress reports for policy consultations, minutes/proceedings, advocacy documents, journal articles, etc

1. Towards pro-poor institutional change- Principles and ways forward (Annexure 5.1)
2. Paper presented -Rajeswari S. Raina, "Social Sciences for agricultural and rural development: lessons for rural innovation" paper presented at the China Agricultural University Conference on *Globalization and Chinese Agriculture*, September 17-18, Beijing, China. (Annexure 7)
3. Workshop proceedings – NEDFi, CPR, CTD, UNU/INTECH, CHD – (CD enclosed)

Proceedings of the NABARD meeting (Annexure 3)

Proceedings of the WII meeting (Annexure 3)

4.Reports:

A. CTD- DST Mission (Annexure 2.3)

B. Findings on Gaps in Financing Rural Innovation (Annexure 5.2)

C. Financing Rural Innovations: Institutional and other constraints faced by NGOs/CBOs/individual entrepreneurs (Annexure 5.4)

D. Financing Rural Innovations: Constraints and ways forward for banks and financial organizations (Annexure 5.5)

2.1.C. Discussions with leaders/decision-makers and policy makers in rural finance/NABARD and its partners to establish learning alliance, and evolution of a learning platform and guidelines in selected on-going post-harvest interventions (supported by or managed by any of these above organizations).

2.1. C.1. Learning Alliance with NABARD -- Activities to this end were initiated a while before the project was sanctioned – almost immediately after the PMF was submitted to CPHP, NR International in January 2005. Some of these activities are listed in the table above.

Following a letter to Mrs. Ranjana Kumar, Chairperson, NABARD, regarding the options for learning lessons from rural innovation, there was a phone call from the Chairperson, NABARD. The team visited the Karnataka office of NABARD, and held discussions with the Micofinance innovations division, and the Horticultural and Agricultural Divisions. (Minutes of this meeting is attached here in Annexure 3). The purpose of this visit was to build a rapport with the Karnataka office, to convince the senior management at the Karnataka office of the benefits that their officers and rural innovation financing can gain from applying innovation systems principles to understand and change process constraints (institutional constraints) to financing and promoting rural innovation for economic and social well being. The meeting also tried to ascertain which sectors/regions of Karnataka could be studied. The team identified a few areas with potential for undertaking innovation systems analyses in Karnataka, in collaboration with NABARD officers. This would then help build innovation systems capacities within NABARD.

C.1. But this did not take off as intended – there was a series of miscommunication, about failure and non-delivery after funding projects in NISTADS (NISTADS was the Managing Partner's organization before the Managing Partner moved to CPR).

C.2. After initiation of the project, the team decided to adopt another strategy to approach NABARD and its partners, through a colleague who is a member of the Governing Council of the Banking Institute for Rural Development (BIRD, a training institute supported by NABARD for training banking professionals in rural development). Dr. Tara Nair, also a faculty member at Mudra Institute of Communication Ahmedabad (MICA), agreed that there was a need for banking professionals to learn how to facilitate rural innovation instead of supplying ritualistic agricultural credit so as to meet stipulated priority sector lending targets.

C.3. The team sent a note to the Dr. Y.S.P. Thorat, Managing Director of NABARD (Attached in Annexure 4) .

C.4. The project team then met the Managing Director of NABARD along with this colleague, Dr. Tara Nair. (Minutes of the meeting attached in Annexure 3).

C.5. As discussed at the meeting a draft proposal for a learning alliance with NABARD officers was submitted to the MD, NABARD. (Annexure 2.1)

C.6. Several attempts were made – phone calls, emails, etc., to get a response to this proposal from NABARD .

C.7. The CGM, NABARD (North East), Mr. C. K. Gopalkrishna, in Guwahati, participated in the workshop organized by the project and its partners on the 9-10 December 2005. The team gave the CGM the copy of the proposal (Annexure 2.1 above)

C.8. A phone call from Dr. Lalitha Mahadevan, DGM, Development Policy and Planning Division, NABARD, on the 12th of December 2005, was the first indication that the proposal was being considered by NABARD. The Managing Partner was informed that different divisions in NABARD had gone through the proposal and it was felt that it was best hosted by the Development Policy and Planning Division, NABARD. The Managing Partner was asked to make a presentation to the NABARD Head Quarters, Mumbai, and to suggest a convenient date. The Managing Partner replied that the project team would have to be consulted and the date fixed accordingly.

C.9. The 31st of January has now been fixed for the presentation on “learning alliance with --- “ by the project team, at NABARD, Head Quarters, Mumbai. (Fax --- Annexure 2.1)-

2.1.C.2. Developing an action plan for post-harvest/rural innovation with NEDFi-

The project team observed that rural credit/loans given by banks were only a part of the multiple needs of specific financial products and services needed for rural innovation. Rural enterprise development and innovations for market access and promotion demanded several innovative financial products.

One organization that seems to have achieved a relatively high degree of success with financing innovative projects in rather difficult circumstances is the North Eastern Development Finance Corporation (NEDFi – the apex investment bank for the North Eastern region of India). Raghunandan, a project partner had worked with several NGOs in the North East, and had facilitated innovation in several sectors including fruit processing, bone meal preparation, mushroom cultivation, pottery etc., especially bringing major R&D laboratories to work with these NGOs – all facilitated by CTD. The team had initial interactions with a few NGOs who had accessed venture capital and loans from NEDFi for various innovations in sectors as diverse as honey collection and marketing, cultivation and extraction of aromatic oils, traditional weaving, bamboo products, etc.

Applying the innovation systems principle of building on existing trust and good relationships, the team requested Mr. Dilip Sarma, of the Centre for Humanistic Development, Guwahati, to conduct quick study on the ways of working or institutional innovations in NEDFi that enable funding of rural innovation. Being an ex-colleague of Raghunandan (CTD), Mr. Sarma was also willing to organize a workshop to enable lessons from the NEDFi financed rural innovation systems. The team floated an initial concept note (Annexure 2.2), and organized a workshop on “Learning with Financial Organizations to Enable Rural Innovation,” in Guwahati, 9-10 December 2005. The CD of the workshop is attached here (Annexure 8).

The workshop ended on a promising note, with the NEDFi and NABARD participants demanding that the project team with other colleagues from the North Eastern States prepare an action plan for rural innovation. NEDFi was willing to fund a programme for rural innovation.

The Managing Partner made another visit to Guwahati (19-22 December) for another workshop, and on the 21st made a follow up visit. Along with Dilip Sarma of CHD, Rajeswari held a meeting with the CMD of NEDFi, Mr. K. N. Hazarika, and two other senior officers of NEDFi Dr. Amiya Sarm and Mrs. Olee Bora. The CMD demanded that a small committee of workshop participants should get together and submit an action plan at the earliest possible date.

On the 5th of January 2006, the project submitted a draft action plan for a portfolio of rural innovation projects to be funded by NEDFi and managed by a coalition of CTD-CHD-NEDFi. Several features of the CPHP programme design were used to develop this action plan.

The purpose of this action plan is to enable the professionals in NEDFi to learn with a coalition of actors involved in rural innovation, about the ways in which rural finance can enable rural innovation, and the institutional constraints and changes that NEDFi needs to make to enable this. As in any coalition, for the NE partners, the purpose of this portfolio of rural innovation projects, is to implement and enable rural enterprises in the North Eastern States. The overall purpose of this programme is to reduce poverty and enhance rural non-farm employment through rural innovation for sustainable rural enterprises. The capacity for rural innovation within NEDFi and in local project coalitions will be the long term contributions arising from this collaborative programme.

The project team has promised to revisit NEDFi on the 20-21 January, and again on the 3-5 February 2006. This will facilitate the initiation of the programme for rural innovation, and will enable the project team to have a closer interaction with the programme processes and also address other institutional constraints in NEDFi

2.1.C.3. Pro-poor institutional innovations for the Microfinance Strategy Unit of CMFR, ICICI Bank: The ICICI Bank's microfinance programme has received worldwide acclaim. The project team was advised to explore how the micro finance revolution unleashed aggressively by the ICICI could be of more benefit to the rural population than mere private bank appropriation of micro finance portfolios. A colleague in the Managing Partner's institute introduced the team to Dr. Nachiket Mor, an Executive Director with ICICI. The team's communication with Dr. Mor led to a visit by the team to Chennai, where the Centre for Micro Finance Research (CMFR) is located.

The discussion with Dr. Annie Duflo, Director of the CMFR, Chennai in September led to another visit by the CMFR team in November, including Dr. Sarah Djari, heading the Microfinance Strategy Unit (MSU). The project team and the CMFR team found several common concerns that could be addressed – from the perspective of using micro finance for enterprise development and market growth in rural India.

The areas identified for strategic intervention by the MSU, are health, textiles, and handicrafts. The MSU has requested the project team to collaborate with them to identify options and the application of innovation systems processes for rural enterprise development using micro finance as a source of finance that is easily accessible, locally responsive, accountable and flexible in implementation/utilization.

Two officers/researchers from the MSU participated in the workshop organized by the project in Guwahati. The CMFR has expressed interest in collaborating with NEDFi-

CTD-CHD in implementing the action plan submitted by the project team to NEDFi (See Annexure 4) and in developing strategies for linking microfinance to rural innovation and market development.

2.2. Organization of innovation systems analyses sessions and assessment of capabilities and processes needed to bring about pro-poor institutional change, with intermediary organizations (esp. NABARD and its partners) regional level practitioners, and other partner organizations.

2.2. A. Following the request from Chairman and MD of TRIFED, the team held meetings with TRIFED and other researchers and stakeholders in non-timber forest produce (NTFP) post-harvest innovations.

Previous experience with the institutional history, co-ordination and analysis of the CPHP –SA project in Jabalpur, by the project team members, was useful in this regard.

The team identified and assigned this work to a consultant, and the consultant has submitted the Report on Sector Development Strategy: Pro-poor innovations for *Mahua* in the tribal regions of Central India in December 2005. The Executive Summary of this report has been communicated to TRIFED – the MD, and a planning meeting fixed to conduct the Sector Dialogue (Annexure 2.4– Mahua – Sector development strategy – summary).

2.2 B. Following a request from the Rice-Wheat Consortium of the CGIAR (CIMMYT-IRRI), to help with the synthesis of existing information (especially grey literature) and analysis of livelihood patterns and constraints in the rice-wheat cropping system in India, the team agreed to conduct this study using the innovation systems approach to understanding post-harvest innovation. The RWC has now drawn up a contract and requested the team to conduct a study – and this gives the team another opportunity to apply innovation systems analysis and tools to understand and facilitate innovation in another sector. This study is funded by the RWC and is hosted in CPR, to be taken up by two of the project team members. (See ToR in Annexure --).

2.3 Documentation and institutional analysis of the project and the ways of working adopted by the team

All the team members –with Trivedi (project assistant in CPR) have done the documentation in detail. Institutional analysis will be done in February – after the NABARD learning alliance starts (31 January), follow-up of action plan for rural innovation submitted to NEDFi (3-4 February), meeting with MD, TRIFED on Sector Dialogue on Mahua (date to be fixed for mid-February) and meeting with MSU of the CMFR, ICICI Bank (10-12 February).

1.3 and 2.3 A meeting with the Rural Innovation Policy Working Group (RIPWG) to share findings on institutional change to facilitate pro-poor innovations in post harvest interventions

Meeting of the RIPWiG is fixed for 24th January (Annexure ---letter of RIPWiG attached). The team will present the lessons on financing rural innovation and receive feed back from the policy working group.

Information on any facilities, expertise and special resources used to implement the project should also be included.

The following organizations, networks and individuals were consulted to obtain additional information, review and comment on the project direction,

1. Dr. S. Rajagopalan, Managing Director,
Spatial Data Private Limited,
151/3, 8th Main, 11th Cross,
Malleswaram, Bangalore 560 003
2. Dr. Tara Nair
Mudra Institute of Communications Ahmedabad
Shela 380 058
3. Dr. K. M. Uduppa,
Bharatiya Vikas Trust
Ananth
Shivalli, Uduppi – 576 102
4. Members of the Project Advisory Committee (as given in the logical framework)
5. Dr. Amiya Sarma and Dr. Ollee Bora (NEDFi), Dr. Dilip Sarma, CHD, Guwahati.
 5. Dr. Gopalakrishna, C.K., Dr. Y.S.P. Thorat, Dr. S.K. Deshpande, Dr. Lalitha Mahadevan, Dr. Usha Munir, Dr. B.B. Mohanty (NABARD).

Section D - Outputs (max 5 pages)

What were the research outputs achieved by the project as defined by the value of their respective OVIs? Were all the anticipated outputs achieved and if not what were the reasons? Your assessment of outputs should be presented as tables or graphs rather than lengthy writing, and provided in as quantitative a form as far as is possible.

Project outputs:

Sl. No.	Verifiable Outputs	Objectively Verifiable Indicators (OVI)	Assessment
1.	1.1&1.2 Policy briefs, journal articles, a monograph and several short cases prepared and published highlighting pro-poor institutional arrangements and the capacities needed to create pro-poor institutional changes	1. 1. By March 2006 all existing cases of pro-poor innovation processes including CPHP projects reviewed, analysed and lessons for pro-poor institutional changes drawn.	Completed the synthesis document-being edited for publication as a monograph (Annexure) All other outputs will be ready by February 2006. <i>Reason for delay – -more activities taken up than planned (NEDFi, ICICI, TRIFED, NAIP, IAASTD, etc.) -other types of communication material prepared (CDs) -limited time available in the project –six months</i>
2.	-- do --	1.2. By March 2006 the lessons synthesised from existing case studies and action research documented and made available to practitioners and policy makers in post-harvest innovation systems.	One policy brief – under review CD of workshop prepared and sent to relevant audience Workshop report and two research papers – for journals (be ready by February 2006)
3.	1.1&1.3 Proceedings of policy and practice consultations with relevant actors at various levels – regional and national.	1.3 Ways (processes, structures, guidelines etc.) of enabling pro-poor institutional change developed and communicated to relevant practitioners and policy makers alike.	-do – +
4.	2.1 Learning alliance exists – at the national and regional levels	2.1. By September 2005 a learning coalition established with NABARD and its partners involved in rural innovations for development.	To be established after presentation at NABARD -31 January 2006 Learning alliance established with NEDFi

			<p>following the December workshop and after submitting the action plan for rural innovation.</p> <p>Collaboration sought by the Micro Finance Strategy Unit (MSU) of CMFR, ICICI Bank.</p> <p><i>Reasons:</i> <i>-Long delay from NABARD</i> <i>-Internal disagreement about which division in NABARD would host/collaborate with the project.</i></p>
5.	2.2 Communication material and copies of training material used in learning groups/discussions/workshops.	<p>2.2 By March 2006 practices and skills required for pro-poor institutional change in rural finance organizations identified, documented and developed through this learning alliance using context specific strategies of institutional learning and change.</p> <p>Communication with financial organizations/NGOs/donor agencies</p> <p>a. Constraints to accessing and utilising rural finance for innovation identified and presented. (Annexure)</p> <p>b. Institutional constraints to generating new and pro-poor financial products identified , analysed and presented. (Annexure)</p> <p>c. Skills and practices of innovation champions within financial organisations identified and promoted. (Annexure)</p> <p>d. With the learning alliance becomes operational in February 2006, these inputs are going to be used for facilitating institutional changes</p> <p>Communication with S&T organizations/donors thereof:</p> <p>e. The nature of innovation systems (poor rainfed sorghum innovation) in four</p>	<p>The team has mde much more progress than expected, partially because of demand from other actors/ organizations.</p>

		<p>scenarios of different investment/market control/social cohesion. Done for NAIP (ICAR-World Bank) pre-project phase.- at four meetings with policy makers/ industry/ R&D (November 05)</p> <p>f. Using innovation systems concepts for assessing the impact of and designing future R&D options. Done as part of IAASTD (November –Dec 05)</p> <p>g. Communication material for pro-poor innovation in the region with Srilankan National Science Foundation initiated - 19 Nov 2005</p> <p>Communication with welfare departments:</p> <p>h. The Mahua sector development strategy prepared for TRIFED was discussed with TRIFED and other development agencies – the project team intends to build a case for wider participation in the sector dialogue so that new sources of innovation can be explored in this sector.</p>	
6.	2.2, 2.3 Reports of consultations, group discussions and interviews with NABARD/partner project staff, decision-makers and stakeholders involved in institutional change and learning processes.	-- do --	-- do --
7.	2.3. Strategy document – for pro-poor institutional change in intermediary organizations involved in rural innovations and development.	2.3 Documentation and analysis of the effectiveness of strategies to disseminate lessons on pro-poor institutional change tested in the project.	Completed -Mahua sector strategy document prepared for TRIFED,(based on demand from TRIFED). -Strategy document prepared for NEDFi – Action plan for a portfolio of rural innovation projects in the North Eastern States (Annexure)

8.	2.3 Institutional history of the project analysed by the project team and reviewed.	-- do --	<p>Documentation complete Analysis – to be completed -Will be ready by February 2006</p> <p><i>Reason for delay: -limited project time and some additional activities taken up under the project</i></p>
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For projects aimed at developing a device, material or process, and considering the status of the assumptions that link the outputs to the purpose, please specify:

- a. How the outputs have been made available to intended users?**
- b. What further stages will be needed to develop, test and establish manufacture of a product by the relevant partners?**
- c. How and by whom, will the further stages be carried out and paid for?**
- d. Have they developed plans to undertake this work? If yes, what are they? If not, why?**

(a and b, not applicable)

c. The major financial organizations (NABARD, NEDFi, ICICI) with whom the project worked on/discussed establishing a learning alliance or workshop or capacity development exercise, have all committed resources

1. To the idea of a learning alliance NABARD – to allocate personnel and Rs. 12 lakhs to implement the learning alliance for pro-poor processes in financial organizations/regional rural banks that can help finance rural innovation,

2. Towards an action plan for innovation applying innovation systems concepts - NEDFi – to allocate what each one of the four sectors demands, once the sector coalitions prepare a Project Memorandum Form and budget),

3. For building capacities within MFIs for financing and enabling rural innovation (Microfinance Strategy Unit of the CMFR, of ICICI bank, to work with credible MFIs to finance and promote institutional changes for pro-poor innovation – they have identified a few key sectors for vertical development building on rural enterprises linked to major urban/export markets

4. The CTD-DST Mission to Generate Replicable Technologies and Enterprise Models for benefit of Weaker Sections, has now allocated funds under the DST's Science and Society Division, to develop an action plan for pro-poor rural innovation and enterprise development. The process has so far thrown up a short-list of 120 potential project ideas out of which 48 promising ones have been identified for the concerned Groups to develop into Project Proposals with help of CTD. While the individual groups have written up brief Concept Notes, CTD has provided feedback to each based on the innovation systems approach to assist in the development of Proposals designed to deliver the envisaged pro-poor Enterprise models.

5. The NAIP (ICAR-World Bank) has already utilized the lessons from this project in (a) recommending and assigning senior research managers and decision-makers to participate in the capacity development workshop on "Applying Innovation Systems Concepts to Agricultural Research" organized by CRISP, and (b) using the innovation systems principles and pro-poor process insights in its planning phase – the Managing Partner of this project participated in the workshop to "Design the Planning Monitoring and Evaluation" process for NAIP, and in the NAIP Scenario planning exercise to guide investments in agricultural innovation.

6. Three of the project team members are involved in the IAASTD assignments – applying insights from pro-poor innovation processes to understand and assess the impact of agricultural R&D on poverty, nutrition, employment and development.

7. TRIFED and the Ministry of Tribal Welfare – meeting to be fixed to decide on the "Sector Development Strategy: Pro-poor innovations for *Mahua* in the tribal regions of Central India" prepared by the project team upon request from TRIFED.

All these organizations have developed plans for further action – as detailed above and in the appropriate Annexures .

Section E - Purpose (max 2 pages)

Based on the values of your purpose level OVIs, to what extent was the purpose achieved? In other words, to what degree have partners/other users adopted the research outputs or have the results of the research been validated as potentially effective at farmer/processor/trader level?

How has this project contributed to generating and/or promoting new understandings/insights into how national innovation systems can be mobilised to sustain uptake and adoption of crop post-harvest knowledge for the benefit of the poor?

The project purpose was to “strengthen the capacity for pro-poor institutional change in post-harvest systems in CPHP focus regions.”

The project purpose has been largely achieved. The following criteria and the assessment of products and processes against these criteria will justify how the purpose has been largely achieved.

- **Number of and depth of communication with intermediary and poverty relevant actors:** Evidence based strategies were generated and communicated/ disseminated to several actors. The outputs listed in Section D reveal how different institutional arrangements/ ways of working were analysed and principles/constraints/strategies communicated to range of end users (mainly DST, NABARD, NEDFi, TRIFED, ICICI, NAIP, funding/donor agencies – such as the World Bank and other donors involved in the IAASTD, AKF, FWWB, etc., and several NGOs/CBOs and other promoters of rural innovation).
- **Regional focus:** The project faced some hurdles here. Communication with East Africa CPHP team was initiated by the project team, and the East African CPHP team presented a list of case studies that could potentially offer lessons for pro-poor institutional innovations. This material did contain information on ways of working that enable pro-poor innovation, but the team felt the need for further analysis of ‘institutional learning and change’ based on these cases. This was mainly because the organizations involved and the socio-political contexts of innovation – the non-linear processes of technology generation, dissemination and use are very different in East Africa compared to the Indian context. Though the project team did plan to conduct this analysis, they had little access to time to conduct further analysis of institutional learning in the East African context.
- **Dissemination – in India and other regions:** The synthesis document on ‘pro-poor institutional change for facilitating post-harvest innovation’ is being prepared as a monograph – which will be published in March 2006 by the project team. Among those policy and intermediary (financial) organizations who have already expressed a demand for the project synthesis document, are DST, NAIP, TRIFED, NEDFi, NABARD, MSU of CMFR (ICICI Bank), FWWB, CHD, ANT, Dhan Foundation, TIDE, SIDBI, Lupin Foundation, SBI, AKF, BVT, Syndicate Bank, and WII.

For the East African context, the team has decided to conduct a joint learning-cum-dissemination workshop to analyse the pro-poor institutional changes in the East African cases, and share the tools/capacities for such institutional learning and change. By March 2006, the details of this exercise will become clear.

For the Sri Lankan context, the team has already held a meeting with the Director and Senior Executives of the National Science Foundation of Sri Lanka. The demand from the NSF is for the team to conduct a workshop on ‘the application of innovation systems framework for rural development in Sri

Lanka'. The NSF insists that the focus should be broadly rural development, than agricultural or horticultural, to facilitate involvement of R&D, business and marketing agencies, and financial organizations from a wider range. The project team has demanded time till March 2006 to plan the initial workshop/meeting.

- **The demand for activities and outputs:** The activities and outputs of the project were much more than the project team had anticipated/expected. The team accommodated all the requests from different intermediary organizations, DST, and other donors, though with a great time constraint (seven months of project period). The team saw these requests as evidence of demand for lessons on 'institutional learning and change' to enable a pro-poor orientation in these organizations.
- **Demand for more activities:** made to the project team from some stakeholders (TRIFED, NAIP, IAASTD, etc.) has to do with
 - the technical outputs and history of CPHP in India since 1997.
 - trust built over time that convinced the senior management/officers in these organizations about the competence of the team and the ability to answer process innovation or institutional change questions.
 - the credibility that partners like CTD had built by enabling/co-ordinating rural innovation in several critically pro-poor sectors.
 - a wider context of political pressure (through the Millennium Development Goals, from the Government of India, Banking Sector Reforms Committees, etc.) on several organizations (NEDFi, TRIFED, ICAR, global agricultural research, NABARD, etc.) to demonstrate pro-poor impacts.
- **Design of dissemination material and processes:** The project team was conscious of the different organizational contexts that placed these demands on the team. It therefore, designed /re-designed each communication and output based on request these organizations and their internal institutional arrangements and their relationships with existing and potential partners—NEDFi/ TRIFED/ NAIP/ IAASTD/ CIMMYT.
- **Building uptake:** The project has built uptake of lessons into the project processes and outputs to the maximum extent possible. In the case of DST, NEDFi and NABARD, by building joint ownership and funding of the activities, in the case of NAIP and IAASTD by analysing and presenting results to their audience/clients on their behalf, in the case of CMFR/ICICI Bank and NEDFi, by promising and working on longer strategies or action plans, in the case of FWWB, Dhan Foundation, TIDE, Lupin Foundation, ANT, etc. by celebrating them as champions in rural innovation or financing rural innovation.

Section F - Goal (max 1 page)

What is the expected contribution of outputs to Project Goal?

The project's technical outputs (mainly lessons and strategies for pro-poor institutional change) have been communicated to a range of end user organizations. As stated earlier in this document, these have been more than what the project had planned to cover.

The institutional arrangements communicated and designed to enable/strengthen for pro-poor post harvest innovation are:

- (i) the mission for innovation and enterprise development for the weaker sections – for DST (the CTD-DST Mission)
- (ii) the learning alliance for enabling institutional changes (process innovations) that are pro-poor in financial organizations – for NABARD
- (iii) the mutually reinforcing system of rural innovation coalitions in four sectors of the NE (supported by new/modified financial products) for rural development and poverty alleviation – for NEDFi
- (iv) the design of planning and monitoring information from different domains (of an innovation system) and the scenario planning exercise (revealing what pro-poor innovation systems will look like in different economic and social contexts) – for the NAIP (ICAR- World Bank)
- (v) the innovation systems design and potential paths for a sector development strategy for mahua – a produce important to tribals in Central India – for TRIFED
- (vi) the application of innovation systems principles to assess the impact of agricultural S&T on development and to re-design more inclusive and process focused agricultural innovation systems – for IAASTD
- (vii) the workshop for and launching and design of two learning platforms for understanding and operationalising IWRM - for CapNet India
- (viii) the application of innovation systems concepts for meeting the emerging challenges of agricultural research – for CRISP
- (ix) the analysis of poverty impact pathways (using innovation systems approach) for setting priorities - for the Rice-Wheat Consortium (CIMMYT-IRRI)

For the project, the ways in which these lessons have been sought (by the end user organizations) and delivered (by the project) have been as important as these technical outputs. And it is through these processes/institutional arrangements that the project outputs have contributed to the overall project goal (a range of different institutional arrangements which effectively and sustainably improve access to post-harvest knowledge and/or stimulate post-harvest innovation to benefit the poor).

These institutional arrangements are evident in the processes (from lessons synthesised by the project and from CPHP processes used earlier) built into each output. For example, for NEDFi – in the action plan for a portfolio of rural innovation projects for the North Eastern States, the project team has consciously underplayed the institutional learning for process innovations that NEDFi and its partners will make as they implement this programme. NEDFi and its partners demanded an action plan, with NEDFi's explicit interest being in generating and promoting innovative financial packages/products for pro-poor rural innovation and enterprise development. In the action plan prepared, the team consciously built the processes of learning to deliver these financial products into appropriate institutional arrangements.

Despite this success within the project, the team is concerned that the development ethos nationally and internationally, is still highly technocratic, and lacks appreciation of and patience for process insights and institutional innovations.

Section G Project effectiveness

This section of the evaluation report uses the rating criteria for the purpose and your outputs previously used in your annual reports.

	Rating
Project Goal	3
Project Purpose	2
Project Outputs 1.	2
2.	2

- 1= completely achieved
- 2= largely achieved
- 3= partially achieved
- 4= achieved only to a very limited extent
- X= too early to judge the extent of achievement (avoid using this rating for purpose and outputs)

Section H – Uptake and Impact (2 pages)

Organisational Uptake (max 100 words)

What do you know about the uptake of research outputs by other intermediary institutions or projects (local, national, regional or international)? What uptake by which institutions/projects where? Give details and information sources (Who?What?Howmany?Where?)

Lessons for pro-poor institutional arrangements sought by or enabled in or open for deliberation with (i) Science and Society Division, Department of Science and Technology, Government of India (New Delhi), (ii) NABARD, Mumbai, (iii) NEDFi, Guwahati, (iv) NAIP (ICAR- World Bank), New Delhi, (v) TRIFED, New Delhi, (vi) IAASTD, World Bank (vii) Microfinance Strategy Unit, CMFR, ICICI Bank, Chennai, (viii) Rice-Wheat Consortium, of CIMMYT-IRRI, New Delhi. Research outputs, i.e., institutional arrangements in each one of these end-user organizations are unique.

End user uptake (max 100 words)

What do you know about the uptake of research outputs by end-users? Which end-users, how many and where? Give details and information sources

For more detail see Sections D and F above:

- (i) NABARD – learning alliance - presentation + initiation - 31st January 06
- (ii) NEDFi pro-poor institutional arrangements in the action plan for rural innovation. Proposal accepted – future meetings 20-21 January, 3-4 February, 18-22 February (sector coalition/focus group meetings) committed now.
- (iii) CTD-DST mission – four workshops + review of proposals from Core Groups using innovation systems concepts and lessons on institutional innovations, completed.
- (iv) RIPWiG, NAIP (ICAR-World Bank) and IAASTD – lessons for institutional arrangements
- (v) Rice –Wheat Consortium – funded a study (Jan-April 2006) – for two project team members to undertake, on using innovation systems principles to understand livelihoods and poverty impact pathways in the Indian rice-wheat cropping states.

Knowledge (max 100 words)

What do you know about the impact of the project on the stock of knowledge? What is the new knowledge? How significant is it? What is the evidence for this judgement?

Significant new knowledge on process innovations that have high impact but have not been given due recognition-

1. Institutional arrangements in both S&T organizations and intermediary organizations can be pro-poor only if consciously designed so. It demands mechanisms within these organizations for constant institutional learning and change.
2. Intermediary organizations have to be regularly challenged to prove pro-poor impacts and the processes to analyse and obtain evidence for these are not in place (even in organizations who strive to provide services to the rural poor).
3. There are major gaps in financing rural innovation. Making institutional changes to address these gaps can lead to innovation, enterprise development, employment, and poverty reduction.

4. Applying innovation systems theoretical framework and lessons for institutional reform needs more organizational capacity for institutional learning and change – more learning alliances, informed people, policies, committed resources and disciplinary as well as inter-disciplinary research.

Institutional (max 100 words)

What do you know about the impact on institutional capacity? What impact on which institutions and where? What change did it make to the organisations (more on intermediate organisations). Give details and information sources.

The institutional lessons (from the synthesis –output 1) that have been accepted/are ready for uptake are:

NEDFi, DST/ NAIP, TRIFED – considering ‘coalitions to address technical and institutional issues’

DST/NABARD – Mission and learning alliance to include ‘habits of experimentation, reflection and learning.

TIDE/ANT/Dhan Foundation/Dhriiti/Lupin Foundation/BVT/Syndicate Bank/WII/FWWB/ - key cases to be presented to intermediary organizations as ‘Innovation Champions’

NAIP (ICAR-World Bank), IAASTD/AKF/NEDFi- understanding and facilitating some ‘facilitation mechanisms that donors can adopt, with flexibility and freedom to use funds with accountability to the coalition and goals.’

NAIP (ICAR-World Bank)/ CRISP – keen on using lessons on pro-poor institutional arrangements in ‘capacity development to promote innovation system perspectives.’

Policy (max 100 words)

What do you know about any impact on policy, law or regulations? What impact and where? Give details and information sources

Organizational policy within the Science and Society Division in the Department of Science and Technology – to launch the CTD-DST Mission led by an NGO (a first within a Government Department)

NEDFi – policy to pro-actively engage with processes for initiating a portfolio of rural innovation projects contrary to existing practice of waiting for entrepreneurs/individuals to bring proposals for loans/other financial support.

Poverty and livelihoods (max 100 words)

What do you know about any impact on poverty or poor people and livelihoods? What impact on how many people where? Give details and information sources.

No impact apparent now.

But as the learning alliance with NABARD, the action plan for rural innovation with NEDFi, the Rice-Wheat research priorities based on analysis of poverty impact pathways in the Rice-Wheat Consortium, the Mahua sector development strategy with TRIFED, etc. will take off, there will be impacts on the livelihoods of millions of poor in India, through better access to and facilitation of technologies and other inputs and processes for rural innovation.

Environment (max 100 words)

What do you know about any impact on the environment? What impact and where? Give details and information sources.

No direct impact – but through process insights that enable pro-poor and eco-friendly innovations, there is an enabling impact on the environment:

- A. TIDE, Bangalore – fuel efficient stoves, driers (South India);
- B. CTD, New Delhi, CSL, Tripura , and parts of Maharashtra – flaying and tanning technologies that are cost-effective and less ecologically degrading, carcass utilization – bone meal preparation for industrial uses;
- C. TRIFED, New Delhi and its partners – when the sector development strategy is implemented – regeneration of Mahua trees in forest lands/common property (Central India).
- D. CapNet India,IRMA, Gujarat – Learning platforms for river basins (flood prone regions) in the North East, and for drought prone regions in Maharashtra – enabling dialogue and learning for process innovations to integrate economic, cultural and environmental aspects of water management.

Signature

Date 15/01/06

Core Partners

Rasheed Sulaiman V., D. Raghunandan, Andy Hall.....

Managing Partner

Rajeswari S. Raina..

ANNEXES

- I Project Logical Framework
- II Partner (user) organisations workplan for adopting project outputs
- III Copies of diaries, coalition meeting reports etc
- IV Feedback on the process from Partners(s) and users (where appropriate)
- V Tabulated description of disseminated outputs (format from green book) – same as given in the PCSS and should include all published, unpublished and data sets. If any of the reports included in this annex has not been submitted to the programme previously, please include a copy (preferably an electronic copy or if not available a hard copy)
- VI Project activities – over three quarters
- VII NEDFi, CPR, CTD, UNU-INTECH, CHD – workshop report
- VIII Fax from NABARD