

# Scaling up Local Innovation Support Funds (LISFs):

## Scenarios for integrating innovative mechanisms to fund innovation by smallholder farmers into mainstream agricultural development and research

In their search for new and better ways of doing things, smallholder farmers are innovators in their own right (Richards 1985, Reij & Waters-Bayer 2001), creating impact not just on their own farms but also at local and regional level and sometimes contributing to important breakthroughs in agriculture and land management, such as the zai pits developed by farmers in the Sahel (Ouedraogo & Sawadogo 2001). Yet, they have little or no opportunity to access and use ARD funding to improve and strengthen their innovative work. Where smallholders are involved in participatory programmes intended to encourage creative interaction between stakeholders in agricultural research and development (ARD), these programmes are almost exclusively managed by non-farmers. The role of smallholder farmers is marginal. As a result, these programmes are rarely effective in supporting local farmer-led innovation processes.

Action research since 2006 in eight countries in Africa and Asia under the umbrella of PROLINNOVA, an international network promoting farmer-led joint innovation development (also known as Participatory Innovation Development or PID), has shown how Local Innovation Support Funds (LISFs) can be set up and managed to channel resources directly to innovative farmers as individuals or groups to accelerate local innovation processes. Initial impact studies showed how relatively small amounts of funding at farmer level can play an important role in accelerating local innovation processes (PROLINNOVA 2008, 2012).



*The heart of LISF is innovation and joint learning, here in aquaculture in Tanzania (Laurens van Veldhuizen)*

Encouraged by these findings, PROLINNOVA partner organisations in four countries (Ethiopia, Ghana, Kenya and Uganda) undertook a series of activities to find the best ways to integrate the LISF approach into the mainstream national ARD systems and related funding mechanisms. The Rockefeller Foundation supported this “transition year” in 2012 to develop country-specific models and scenarios for scaling up LISFs. The main findings and scenarios are presented here.

### Local Innovation Support Funds and their key principles

Local Innovation Support Funds (LISFs) imply a fundamental change in how ARD funds are allocated, based on a number of key principles.

“Three central principles of LISFs (the LISF “spirit”):

- Funds made accessible directly to farmers, not to development agencies for work with farmers
- Funds used for innovation, experimentation and learning by farmers
- Farmers and their organisations play a strong role in decision-making about fund allocation.

**PROLINNOVA vision:**

*A world where women and men farmers play decisive roles in ARD for sustainable livelihoods*

An LISF is basically a decentralised system of managing and disbursing funds for ARD. The details of LISF implementation may vary depending on local conditions, but the core activities of calling for applications, screening proposals on agreed criteria, disbursing funds, and monitoring and evaluation (M&E) of the process and outcomes always take place at the lowest possible level – district or sub-district. A small multi-stakeholder team cum fund management committee with strong participation of smallholder farmers and community-based organisations (CBOs) plays a key role in this process, supported by a local development organisation, often an NGO. In an important variation in one of the piloting countries (Uganda), a strong local CBO took full responsibility for organising the fund management committee at local level.

The role of the LISF coordinating organisation and the partner organisations at national level is focused on building capacity of the teams at local level, quality control and M&E, general policy setting for LISF implementation, and fund raising and disbursement to the districts.

The decentralised design not only makes it easy for smallholders to access the funds, using simple administrative procedures, but also keeps handling costs manageable. This is important in a system with fund disbursements varying from as little as 25 Euro to more than 2000 Euro per application. Applications for smaller amounts of funding usually involve own experimentation by farmers, whereas more funds are requested for more complex experimentation by farmers in collaboration with research, extension or other support agencies.

### Seeking opportunities to scale up LISFs

The LISF approach has been developed as part of a long-term action-research project – Farmer Access to Innovation Resources (FAIR) – involving staff of key ARD

organisations, coordinated usually by a national NGO and with funds from international donors (the French and Netherlands governments and The Rockefeller Foundation). Though the potential of the approach has been clearly demonstrated and operational mechanisms for implementing it have been identified, continued use and spread of the LISF approach as a mechanism to encourage farmer-led joint innovation processes would require the formal buy-in of mainstream ARD organisations in a country and embedding of the LISF in their regular programmes and processes, in other words, scaling up or “institutionalising” the LISF. If the LISF becomes an accepted approach to stimulating farmer-led participatory innovation processes with an appropriate institutional home, it can be more easily scaled out (i.e. more widely implemented) within the country.

Opportunities to scale up LISFs were sought in the understanding that channelling funds for local farmer-led experimentation and innovation through LISFs would be complementary to conventionally managed ARD funding mechanisms and would be designed to encourage creative interaction between various research and development stakeholders, including farmers.

### A diversity of possible scenarios

In seeking the most feasible approaches to scaling up LISFs, PROLINNOVA partners considered seven possible scenarios, the main features of which are summarised in Table 1:

1. Self-managed and self-resourced CBO-based LISF: LISF funding during the action research has enabled CBOs to establish an own fund from (partial) repayments of LISF funds disbursed to members experimenting on behalf of the group, allowing them to continue funding local experimentation and innovation. The CBOs may be able to attract local government funds to complement their own resources and inspire other CBOs to establish their own LISFs.
2. Upscaling involving multiple organisations: A large diversity of development and research organisations would be lobbied to accept the LISF principles and procedures and to use them in their own regular programmes and budgets.
3. Integration into local government structures: Given the increased role and budgets of local government through decentralisation processes, matching the decentralised design of LISFs, an LISF could be placed under the district government and co-funded from its development budget. Local legislation would have to be put in place to create this space.
4. Local Innovation Support Facility within a national farmer organisation: Given the overall PROLINNOVA vision of a world where women and men farmers play decisive roles in ARD, a credible national farmer



*Ethiopian farmer innovator Jifara Workneh creates interest among visiting government officials (Ann Waters-Bayer)*

organisation (FO) is a logical candidate to host an LISF and lead its upscaling. Continued engagement of other actors, such as extensionists and scientists, in supporting the FO in technical and governance issues would maintain the LISF spirit and help gain wider recognition among policymakers of the LISF as an accepted ARD funding mechanism.

5. Local Innovation Support Facility under Government Ministry: Integration of the LISF into the work of the Ministry of Agriculture (MoA) or another Government Ministry would imply creating a unit under that responsible for extension, farmer-research-extension linkages or applied research. Mechanisms would be created to continue strong farmer and other stakeholder engagement and technical support.
6. Independent national foundation to support local innovation: A new entity would be set up, following the country's legal requirements, with the specific mandate and tasks to promote and support farmer-led innovation and to coordinate upscaling of LISFs. Its design would ensure that farmers, with other stakeholders, play an important role in LISF governance and implementation.

7. NGO-coordinated programme: This implies strengthening the set-up that was used under the action research in the eight countries over the past years, with a credible national NGO hosting an LISF facility governed by a formalised multi-stakeholder platform.

## Review of options

The work done during 2012 by the PROLINNOVA Country Platforms that piloted LISFs and analysed their experiences allows identification of major advantages and disadvantages or concerns of the above scenarios. Table 2 summarises the results of this analysis.

This analysis allows informed choices to be made on how to approach the upscaling of LISFs, depending on the existence and functioning of relevant organisations and institutions from local to national level. The PROLINNOVA platforms in Ethiopia, Ghana, Kenya and Uganda found four of the above scenarios to be most attractive, as described in more detail below.

**Table 1: Upscaling scenarios and their main features**

Scenario	Principle LISF "owner"	Mode of influence of smallholder farmers	Most likely funding source
Self-managed and -resourced CBO-based LISF	Network of CBOs	Direct control through CBO	Revolving funds, local government
Upscaling involving multiple organisations	Dispersed	Co-management depending on space given in each case	Existing programme funding of organisations
Integration into local government structures	District Councils	Co-management depending on space given in each case Through elections at district level	Local government development funds
Local Innovation Support Unit within national FO	National FO	Control through national FO	Regular government funding for ARD Farmer membership fees Private sector
Local Innovation Support Unit under Government Ministry	National Government	Co-management	Regular government funding for ARD
Independent national foundation to support local innovation	Co-founders and others as in constitution	Co-management as formalised in constitution	Regular government funding for ARD International & national donors
NGO-coordinated programme	NGO	Co-management	International donors Local co-funding through collaboration

Table 2: Summary analysis of upscaling scenarios

Scenario	Advantages	Disadvantages / Concerns
CBO-based LISF	Farmer ownership in LISF spirit Very low transaction costs Capacity to mobilise funds internally and with local government	Local coverage only Likely to be less interaction with other ARD stakeholders Mechanism for further developing and spreading the funding mechanism may not be systematically incorporated Limited capacities of CBOs to manage the LISF process
Multiple organisations	Relatively simple to realise Higher chance for sustainability as not depending on only one or two organisations Based on existing funding sources	Lack of coordination among multiple LISFs Risk of losing quality and essential elements No clear mandate for further developing and spreading the funding mechanism
Under local government	Local ownership through district democratic process Good match of decentralised LISF design and current decentralisation of government administration in many countries Capacity to mobilise funds from District Assemblies' common fund	Local coverage only No mandate for spreading the funding mechanism more widely Unreliable, irregular inflow of funds into district funds Competing claims for use of district funds
Within national FO	Farmer ownership in LISF spirit National coverage through local and district members Credibility/strength in lobbying for government funding support	Risk of weakening multi-stakeholder involvement and technical support Limited institutional strength or non-existence of smallholder-oriented FO
Within MoA or similar Ministry	Longer term sustainable institutional set-up Country-wide coverage Potential to mobilise regular government funding support	Less farmer ownership Unreliable, irregular inflow of funds into Ministry High staff turnover brings risk of losing quality and essential elements of LISFs
Independent national facility / foundation	Longer-term sustainable institutional set-up Founding process clarifies & formalises mutually agreed operational mechanisms and governance National and international visibility provides entry point for fund mobilisation	Complicated establishment process and governance mechanisms at different levels Less farmer ownership
NGO-coordinated programme	Possibility for lean and efficient coordination Continued high quality of LISF multi-stakeholder dynamics Potential to mobilise international and other donor support	Less farmer ownership Danger that LISF remains an externally activity dependent on project funding Limited chances for longer-term national government funding



## 1) Local Innovation Support Facility within a national farmer organisation

In Uganda, the Uganda National Farmers Federation (UNFFE) has a large constituency of smallholder farmers. It is the only national FO in Uganda and has numerous branches and farmer member organisations in most districts of the country. UNFFE is an active member of the PROLINNOVA–Uganda platform and has closely followed the action research on the LISF over the past years, but it was only during the upscaling review that its lead role in this process emerged as the most serious option.

Bilateral discussions with UNFFE staff and management confirmed the organisation's interest to lead LISF upscaling as part of its agenda to empower smallholders. The most likely organisational set-up is shown in Figure 1. It implies that UNFFE would establish a small LISF secretariat in its national office to coordinate and monitor implementation of the LISF approach in Uganda. Its terms of reference would include:

- Create/facilitate platforms for information sharing and dialogue
- Organise learning visits for different stakeholders
- Lobby and advocate for funding support to farmer innovations at national and local levels
- Mobilise resources for the LISF at national level
- Sign memoranda of understanding (MoUs) with partners for LISF implementation
- Oversee quality control and M&E of LISF activities.

The configuration would involve a small multi-stakeholder technical committee at national level to ensure effective quality control of the LISF application processes, including monitoring of the results of the screening led by CBOs at local level. In the Uganda model, governance at the local level is in the hands of a CBO or local FO, which leads the Fund Management Committee. Important issues needing attention in operationalising this scenario include:

- LISF governance at the national level: detailing the policy and strategic decision-making roles of the multi-stakeholder steering committee as compared to the role and responsibilities of the UNFFE in terms of management and supervision;
- Linkages with other units and programmes of UNFFE at the various levels: what opportunities do they offer to facilitate LISF operation? what would be possible implications of their being linked to the LISF?

## 2) LISF hosted by the Ministry of Agriculture

This scenario has been studied seriously over the past year in North Ghana. The Ghanaian Ministry of Food and Agriculture (MoFA) played already an important role in piloting the LISF through active participation of the District Directors and their staff in the Fund Management Committees and in the mobilisation and processing of applications and the provision of support to LISF beneficiaries. MoFA has the infrastructure and coverage to reach out with LISFs to all corners of the country.

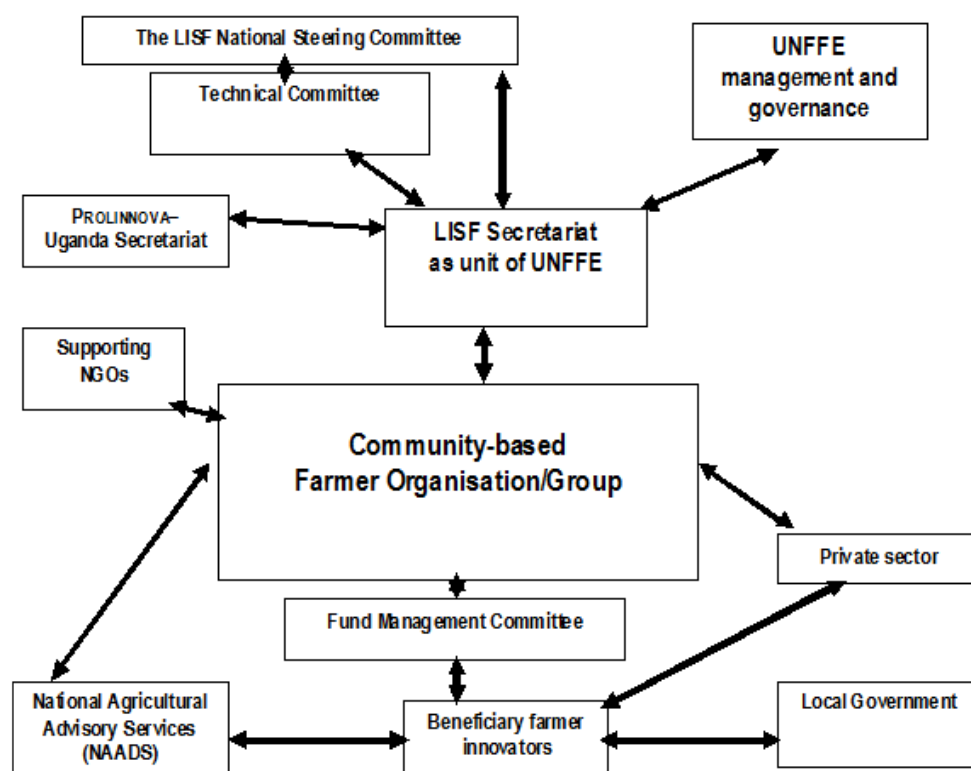


Figure 1: Organisational set-up proposed for LISF hosted by national farmer organisation in Uganda

According to the analysis made by the multi-stakeholder PROLINNOVA platform in North Ghana, this scenario implies that a Farmer Innovation Unit would be created as part of the wider Extension Unit of MoFA to coordinate the LISF work. This would be done at both regional and district level. The work would have to be overseen by a fully dedicated staff member from the extension unit at regional level. S/he would liaise with the regional and district Research-Extension-Linkage Committee (RELC) coordinators. The RELCS are existing multi-stakeholder platforms mandated to bring together agricultural innovation initiatives and findings at their respective levels. MoFA would be expected to contribute part of its central government budget allocation and other project funding to cover the costs of staff involved and of the actual LISFs.

If the current context of MoFA and its budgeting and operational procedures make it less feasible for it to fully integrate LISFs and take the lead in further developing and spreading LISFs, options could still be sought to link LISFs and related activities to the research and extension activities under MoFA. The RELCs would play an important role in this. Farmer innovators and NGO LISF partners could take part in RELC meetings together with MoFA and other agricultural research institutions and could share and report on LISF activities and outcomes. This would create a platform for farmers and NGOs to plan together with agricultural extension experts, managers and researchers how to improve promising farmer innovations in PID processes and/or to have the local innovations tested more widely and validated by both scientists and other farmers. This should ultimately influence ARD programmes and approaches in favour

of the LISF approach to promoting local innovation. Additionally, current National Farmers' Awards in Ghana could be expanded to include best innovators at the district- and regional-level events in order to promote the concept and encourage local innovation and farmer-led initiatives in agricultural development.

The LISF approach and farmer-led innovation processes in general (beyond specific technologies) could also be made a major issue on the agenda of the monthly regional MoFA review and planning meetings for district MoFA directors. The District Directors would be asked to report on farmer innovation (activities, outcomes) and would ask their extension staff to look out for these. Involving the District Directors in PID activities in their districts would strengthen their understanding of and commitment to the approach.

### 3) Upscaling involving multiple organisations

Complementary to their efforts to organise upscaling of LISFs more structurally as described above, all the Country Platforms agreed that LISF mechanisms and principles could be applied in many regular agricultural development and research programmes. Using a variety of tools and approaches – including organisation of and presentations to workshops, dissemination of policy briefs and other LISF publications, field visits to LISF sites as well as bilateral visits to different organisations – they shared the results of the LISF action research and lobbied for integration of the LISF approach into the work of the organisations targeted.

This approach is being taken deliberately in Ethiopia, where the Ethiopian partners identified twelve entry



*Involvement of key stakeholders in LISF piloting creates interest in upscaling, as here in northern Ghana (Frank Adongo)*



points for upscaling LISFs through governmental and non-governmental organisations and informal farmer groupings. The Ethiopian partners chose this approach when an impact assessment of the pilot LISFs had revealed that they had strengthened social organisation around managing local ARD, built farmers' capacities to access relevant information, increased their confidence to interact with "outsiders" in joint innovation, and stimulated the interest of many ARD actors to support farmer-led innovation (Hailu et al 2012). PROLINNOVA–Ethiopia's lobbying efforts have led now to inclusion of key LISF principles into the "Farmer Innovation Funds" created within the MoA with support of the World Bank.

The Ethiopian partner organisations, which include the Ethiopian Institute for Agricultural Research (EIAR), are trying to incorporate LISFs into the Farmer Research Groups (FRGs) that work with EIAR, with support from the Japan International Cooperation Agency (JICA). Another opening is seen in the Farmer Training Centres (FTCs) under the Agricultural Transformation Agency (ATA): farmer-led experimentation and PID can be carried out at the FTC sites with a locally managed fund. PROLINNOVA–Ethiopia has already piloted the approach of doing PID through FTCs but not yet using LISFs. Besides integration into the work of the NGOs that are members of the PROLINNOVA–Ethiopia network, new opportunities are opening up in the private sector. A private-sector organisation that recently joined the PROLINNOVA–Ethiopia network is exploring ways to link an LISF-type approach with its "innovation incubators".

#### 4) Independent national foundation to support local innovation

The option of establishing a new independent organisation for LISF implementation and promotion has emerged as the most serious option in Kenya. The exact shape and institutional and legal arrangements are yet to be established, but farmer innovators and CBO leaders involved in LISF governance at local level have suggested creating a national platform to lead the upscaling of LISFs. In their view, this would first of all bring the innovative Kenyan farmers and farmer researchers together at national level as a network. Other stakeholders would provide technical support and would be represented in the LISF National Committee that would govern the "foundation". The overall legal format suggested by PROLINNOVA–Kenya would be that of a national NGO. The Kenyan partners realise that more work is needed to further elaborate this option and assess its feasibility.

The scenario of creating a new independent organisation that would carry forward the flag of the LISF finds its inspiration partly in the set-up of the National Innovation Foundation (NIF) in India ([www.nif.org.in](http://www.nif.org.in)) NIF is an autonomous organisation created in February 2000 in Ahmedabad under the Department of Science and Technology. It has been providing institutional support for scouting, spawning, sustaining and scaling



*LISFs give smallholder farmers an opportunity to have their own say about ARD, as here in Ethiopia (Monique Salomon)*

up grassroots innovations. Although the NIF is not fully comparable because it focuses more on commercialising new technologies and the governance is not so strongly farmer-led as in the case of the LISF, the NIF has managed to create a widely recognised platform for promoting local innovation in the country and has attracted both government and private-sector funding support and partnerships.

The PROLINNOVA partners in the other three Country Platforms that have analysed their experiences with a view to upscaling LISFs did not pursue the option of setting up a new organisation because of the complexity of institutional and legal issues involved in their respective countries. The perceived lack of policy support and the limited timeframe of the transition year also played a role in this decision.

#### Perspectives

The analysis shows that ways and forms in which the LISF approach can be upscaled in a country depend very much on the specific institutional and policy environment which, in turn, influences possibilities for local mobilisation of longer-term funding support. But all scenarios will need to ensure that the core principles of the LISF are adhered to. In other words, scaling up of LISFs is, first of all, a question of scaling up these principles rather than the specific forms of implementing LISFs and can indeed be incorporated into a wide variety of ARD institutions, both governmental and non-governmental.

The work over the past years has shown that locally effective models for implementing and upscaling of LISFs can indeed be developed, but the process must be carefully designed to allow enough time and room for experimentation and adaptation. Upscaling requires: i) adequate experience gained on the ground in exploring LISF modalities so as to be able to identify the one(s) most effective in the country; ii) a network of committed organisations – most notably CBOs and FOs that have links with government organisations engaged in ARD – to lead and guide the process; and iii) identification of

a relevant upscaling scenario drawn from the options explored, with related policy and funding support.

The evidence from the long-term action research (PROLINNOVA 2012) has shown how relatively small amounts of funds made available to innovative farmers can accelerate local innovation processes and also build the capacities of smallholder farmers to engage in collaborative research and development work. The LISF is an exciting approach: making resources for innovation available at the local level, where much innovation is already taking place, creating ways that innovative farmers can directly access these resources, and giving community members a large say in how the resources are used. However, this approach is new to most agricultural development and research organisations and systems.

PROLINNOVA partners have provided examples of alternative ways to approach ARD partnerships and funding that give smallholders a chance to have more say, to learn together with other knowledge holders and to contribute their knowledge to continuous and enhanced innovation processes. LISF strategies and implementation tools and modalities have been documented by the four Country Platforms involved in the “transition year” and are ready to be used so as to give the LISF approach a permanent place among agricultural innovation funding mechanisms in those countries. This document calls the attention of ARD actors also in other countries to the feasibility of decentralised and locally managed funding mechanisms to complement conventional approaches to funding ARD and some different institutional settings for such mechanisms. They are encouraged to try out LISFs in appropriately adapted forms, to assess them together with the local farmers, to learn from these experiences and to consider how they could be scaled up – so that women and men farmers can play more decisive roles in ARD for sustainable livelihoods.

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PROMoting Local INNOVation in ecologically oriented agriculture and natural resource management is a community of practice involving partners in several countries in Africa, Asia and Latin America. Initiated by NGOs, this Global Partnership Programme under the umbrella of the Global Forum on Agricultural Research (GFAR) embraces both state and non-state organisations. It promotes recognition of local innovation by women and men farmers as an entry point to farmer-led participatory research and development. The ultimate aim is to integrate this approach into institutions of agricultural research, extension and education. Funding has come mainly from the Netherlands and French Governments, The Rockefeller Foundation, GFAR, MISEREOR and partners’ own contributions. The “transition year” (2012) to develop country-specific models and scenarios for upscaling LISFs was supported by The Rockefeller Foundation.

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