FAIR – farmer access to innovation resources

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Innovation in the agriculture sector is critical to achieving the necessary growth in production in an environmentally sustainable way. But change does not come easily. Traditionally, international and national research centres lead the process of innovation development to meet technological needs of smallholder farmers. The shortcoming of this approach has been its failure to result in tangible benefits to the smallholder farmers through technological advancement. Prolinnova partners designed a pilot project to test the possibility of availing financial resources for innovation development directly to smallholder farmers.

Introduction

There is now increasing understanding that development of agriculture and Natural Resource Management (NRM) does not follow a linear process with new knowledge coming primarily from formal research and reaching landusers through a variety of extension or service providers. An innovation system perspective on development reveals that the actual change processes are much more complex and diverse. Landusers are not merely recipients of new knowledge but also potential sources and/or partners in its generation. Local experimentation, adaptation and ingenuity are vital for finding locally effective practices. This recognition has led to approaches to agricultural research and development (ARD) that are designed to enhance systems of local learning and innovation by multiple actors, through what can be referred to as "Participatory Innovation Development" (PID).

Many of the current ARD funding mechanisms are intended to encourage participatory research and extension, but few give attention to stimulating and supporting local innovation and PID. Partners in Prolinnova, an international partnership programme promoting local innovation and PID, believe that a

Promoting Local Innovation, or Prolinnova, aims to assist farmers in investing in and assessing their own research and innovation. It has several country and regional programmes at different stages of development.

Prolinnova is an NGO-initiated programme to build a global learning and advocacy network on promoting local innovation in ecologically-oriented agriculture and NRM.

Prolinnova seeks to:

- demonstrate the effectiveness of user-led innovation for sustainable development
- build strong farmer-extension-researcher partnerships
- increase capacities of farmers, researchers, extensionists and policymakers in participatory approaches, and of trainers who can continue facilitating the process
- integrate participatory approaches to farmer-led innovation and experimentation into research, extension and education institutions
- pilot decentralised funding mechanisms to promote local innovation
- stimulate national and regional policy dialogue to favour local innovation
- set up platforms for reflection, analysis and learning about promoting local innovation.

For further information visit: www.prolinnova.net

[1] *Prolinnova International Support Team; A presentation on FAIR by Ann Waters-Bayer with an example from South Africa is available on the ODI website (Powerpoint and audioclip under http://www.odi.org.uk/events/2008/05/agriculture/index.html)*

The central questions

Firstly, would farmers need funding support to enhance their innovative work? Would they see it as a priority as compared to funds for investment in pumps, roads, seeds etc?

Secondly, can applications by farmers for funding be processed properly, with decisions made and communicated in time at cost levels appropriate for requests expected to range from only 50 to 2000 Euros?

Thirdly, how can we ensure that the LISF does not become another 'outsider-run' system?

Finally, would successful LISFs have a development impact?

fundamental change in mechanisms for allocating research funding is required if small-scale farmers [2], their concerns and their own innovation capacities are to play a more central role in ARD. If such change could be achieved, it would contribute to creating a longer-term institutional basis for PID. The question faced by the partners was whether alternative, farmer-led funding mechanisms for PID could be developed that are cost-effective and sustainable?

Prolinnova therefore initiated systematic action research to find practical ways to set up financing mechanisms that allow local landuser groups and communities to access funds for improving and accelerating their innovative activities. These were named "Local Innovation Support Funds" (LISFs). Activities have included stakeholder design workshops, country-level exploratory and identification studies, capacity building for local institutions, and monitoring and evaluation. With a view to knowledge transfer and information sharing, farmer 'exchange' visits have been organised; and joint experimentation between individuals and groups facilitated.

In 2004, partners in Nepal had already initiated a pilot Innovation Support Fund using own resources. In late 2005, funding support from the DURAS (Promoting Sustainable Development in Agricultural Research Systems) project financed by the French Government enabled expansion to pilots in four other countries: Cambodia, Ethiopia, South Africa, and Uganda. This article summarises the initial findings from the pilots in all five countries, covering two years (2006 and 2007). Table 1 summarises the key features of the pilots in the five countries.

Table 1: Design features of LISF pilots per country

Country	Application logic	Structuring mechanisms	Type of research funding	Scale
Cambodia	Farmers with their Farmer Association apply to NGO/ Prov. Govt	Builds on existing groups that have savings & lending activities	Loan plus interest (2–4% pm); if experiment failed, interest free loan	Three provinces
Ethiopia North	Farmer/group applies to NGO	From NGO to group/ individual	Grant; 20% equity contribution	1 District (Wereda)
Ethiopia South	Farmer group applies to CBO	From CBO to farmer group	Grant; 20% equity contribution	1 District (Wereda)
Nepal	Farmer applies to Prolinnova Committee	Contract, deposit in account or cash in stages from NGO	Grant	National moving to local
South Africa	Farmer applies to multi-stakeholder panel	Contract with farmer from NGO, moving to CBO	Grant; 20% equity contribution	Three villages
Uganda	Farmer applies to Farmer Committee of CBO	Contract with farmer; CBO bank account	Part loan, part grant, variable across sites	Four districts

[2] *"Farmers" is used in a wide sense to include peasant/family smallholders, pastoralists, forest dwellers and artisanal fisherfolk, among others; the term is used here interchangeably with "landusers".*

Analysis and findings

The experiences of the five pilot CPs (Country Programmes) allows to start assessing the extent to which the six central criteria for good functioning (which were formulated and specified for the study framework) of LISFs have been achieved.

1. Adequate creation of awareness and demand

A total of 274 applications were received over all the five CPs, out of which 160 were found to meet the LISF criteria and could thus be approved for funding. This is a first indication that the LISF pilots were able to create awareness and an effective demand. At the same time, there are important differences between the countries. Particularly where LISF management was decentralised fully to the level of community-based organisations (CBOs), a higher level of good (i.e. relevant) applications was realised.

The case studies report a variety of methods and approaches used in setting up and operating the LISFs. Quite often, information about the LISF was presented to farmers and communities through visits by NGO staff in their regular project areas or project activities. Once CBOs became involved, their meetings formed the main platform for awareness-raising. This was followed by local farmer-to-farmer exchange. In several countries, mass-media approaches were added to this: posters pasted on trees, local radio broadcast and even newspaper coverage of LISF granting.

It must be noted, though, that in a number of cases considerable efforts were needed from the LISF coordinating organisation or its key partners to transform a farmer idea or demand into a grant proposal that could be processed. The costs involved in this process, especially in terms of the time of staff involved, have been carried by the relevant organisations. Where the farmers' interest went towards own experimentation, i.e. without the support of resource persons, the provision of simple application formats in local languages was enough to help create fundable proposals.

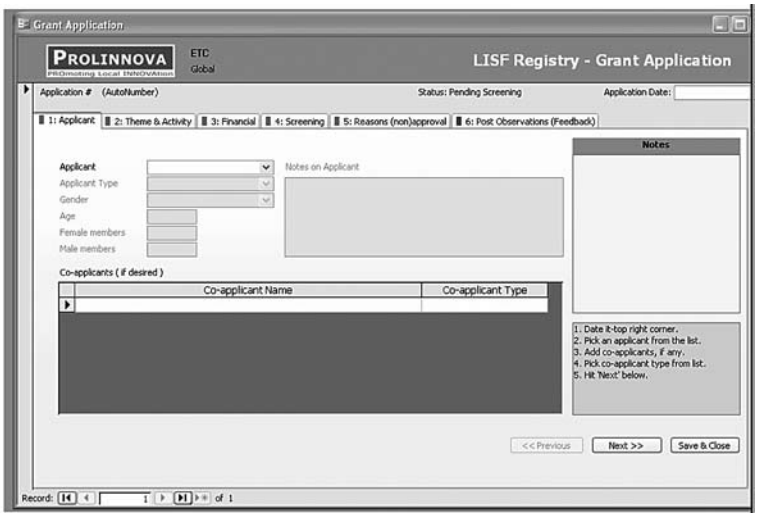
2. Effective mechanisms to process applications

Two main models for processing applications emerged from the pilots, each with variations, one a more centralised, multi-stakeholder approach and one a fully decentralised, farmer-managed approach.

In the more centralised approach, farmers' applications are sent to a facilitating organisation, while key partner organisations and farmer representatives were invited into the screening committee that formulated criteria and took major decisions. The main advantages of this approach are: i) learning takes place between farmers and the support agencies on what should be funded; and ii) generally the quality of the screening in terms of meeting the LISF principles is strong right from the beginning. Its disadvantages are: i) reduced accessibility for small-scale farmers, leading to lower number of applications; and ii) relatively high costs (transport, allowances for attending meetings, time/salaries of agency staff involved). However, it proved impossible to compile detailed data on these across all countries.

In the decentralised model, screening is the responsibility of the respective CBOs, which generally form their own committee for this. The facilitating agency assists the CBO in setting criteria and organising the screening process, e.g. by providing forms.

Figure 1: LISF register main application screen



The report function in the opening screen allows LISF managers to analyse applications received over a certain time period, the process of screening and any follow-up information available.

In this approach, accessibility for small-scale farmers is relatively high and the costs involved in the screening very low. The disadvantage may be the initially lower levels of quality of the screening when farmers are learning the principles of the LISF. There is also the danger that LISF grants are limited to farmers' own experimentation, as there are no in-built mechanisms for other stakeholders to interact with farmers in the screening process.

3. Mechanisms for disbursing funds to applicants

The five country-level studies show that disbursements to farmers could be done effectively in all cases and in good time. However, this required some creativity. The rural banking system being limited, most disbursements were made in cash. In other cases, the disbursement pattern was from the coordinating agency to another NGO, government department or CBO using their bank accounts and then to farmers in cash. Even then, CBOs leaders had to travel up to 100 km to access the bank accounts.

4. Utilisation of funds

Considerable time and effort was needed in all countries to develop clear criteria as to what could be funded by the LISF and for what purposes. In practice, the majority of LISF grants were used to fund experimentation by farmers or farmer groups on a great diversity of innovative practices. In South Africa and Uganda, several grants were given to support farmer cross-visits.

In four out of the 160 grants, there was some diversion in the use of the funds. In one case, funds were used by the CBO for a development activity different from that for which was applied. In two cases, costs budgeted were found to have been inflated as compared to what would be needed while, in one case, implementation of the supported activity is considerably behind schedule. All in all, this low portion of grants (2.5%) not fully used for intended purposes appears to be evidence of the effectiveness of local social and organisational control mechanisms.

Main screening criteria for LISF grants across all countries

It must be one's own idea

- If a technique is being developed, it must be technically, economically, environmentally and socially sound
- Replicable amongst the poor and vulnerable
- The value addition achievable through LISF support
- The applicant must be willing to contribute at least XX% of the costs of the total budget of the activity for which support is requested, which could also be in kind
- Applicant must be willing to work according to an agreed plan (MoU)
- Applicant must be willing to monitor, record progress and report to XXX
- Applicant must be prepared to share his/her results with others, receiving visitors, teaching others

5. M&E of LISF grant system

The M&E of the LISF grants is only partially in place as yet. It has become clear that it can be done well without incurring high costs only if a considerable part of the M&E is done at CBO level when group leaders visit LISF grantees regularly and record key observations. Written grantee reports have been received on only three of the 160 grants. In the long run, the most effective way to capture farmer-level M&E information is probably by asking all grantees in an area to present their findings in a CBO or community meeting to be documented by field staff or CBO leadership.

6. Longer-term sustainability

The LISF piloting is done with the ultimate vision to develop a longer-term sustainable system for farmers to access innovation resources, co-managed by farmers. The evidence from the current pilots suggests that considerable progress has been made in achieving this at the community level, by decentralising fund management to existing CBOs or farmer groups. These CBOs have shown both interest and capacity in handling a community-based LISF. Management costs have thus been reduced considerably. Payback

arrangements agreed within the CBOs, as shown in Table 1, will contribute to replenishment of funds at that level, although actual repayment data are becoming available only now.

There is less clarity at this point in time on the longer-term sustainability and related institutional framework of the functions now performed by the LISF coordinating agencies and their partners. This refers, among other things, to catalysing community LISFs in new villages, screening potential CBOs for eligibility to be involved, providing technical support to them in starting their LISF, raising funds from regular research and development sources in the country to feed into the institutionalised ISFs (Innovation Support Funds), managing these funds and disbursing them to CBOs for community-level LISFs, and providing M&E complementary to the CBOs' own M&E.

Lessons learnt

The piloting process has confirmed that the LISF approach is dramatically different from what both farmers and other ARD professionals have been exposed to before: funds directly managed by farmers for research and learning rather than for practical development activities and investments was new to them. The implication is that ample time must be set aside for people involved to make the main LISF principles their own, than try them out in practice and improve as they go along.

It was important to do a preparatory study in each country before starting the LISF piloting. These have not been "feasibility studies" in the true sense of the word but rather inventories of relevant experiences in the country and identification of possible LISF modalities for each country. In practice, these studies have been an important instrument to help stakeholders come to grips with and learn the LISF approach allowing future LISF partners (e.g. the supporting and coordinating NGOs) to take part in the learning process.

Clearly, the road to go is to decentralise to LISF functioning to the maximum extent possible: to build the system from the ground up, starting with independent community-based LISFs. To this end, it is best to work with existing, organised CBOs/groups, particularly those with some previous experience in participatory research and development, Farmer Field Schools and the like. Where these do not exist, complementary activities may be needed to help create these conditions, preferably through agencies working in the pilot areas with funding channels distinct from those for the LISF grants.

Direct interaction with the CBOs and farmers showed that, at the community level, practical arrangements can and must be made for farmers to contribute part of the costs of the activities to be funded through the LISF and/or pay back part or all of the grant received, with or without interest. The amount to be covered or paid back depends, however, on the local situation and on the type of expenses covered by the grant received. 100% repayment levels will not be possible once costs of research or extension support staff are included in the grant received. Full repayment is also not advisable, as it suggests that the LISF grant is solely for the benefit of the applicant (i.e. to create a private good), whereas the overall LISF approach suggests that the outcome of experimentation supported by the LISF would also be relevant for a wider group of farmers and even the advancement of science as a whole (i.e. to create a public good).

Following the analysis to date, a pattern is emerging for developing community-based LISF in two stages:

- Stage 1: The grants provided by the CBO-managed LISFs are mostly small in size, covering local costs of farmers' own experimentation. This allows a great diversity of topics to be covered. Farmers may be willing to pay back fully the small grants received in order to replenish the CBO-managed LISF.
- Stage 2: In addition to (or partially replacing) the above, a number of larger grants will be made to cover costs of more elaborate joint farmer-researcher-extension experimentation, where the grants also covers the costs of the support agencies. The implication is that consensus will be needed at the community level on the top-priority topics that are to be addressed through these larger grants. In such cases, farmers would pay back only part of the total costs.

Additional ideas are being considered for mechanisms to reward financially farmers who have successfully experimented, partly at their own costs. If their innovations would spread and prove relevant (far) beyond their locality, they could perhaps qualify for one of the Innovation Awards that are common in several countries.

The decentralised LISF system that is currently emerging poses serious challenges in terms of capturing the findings of LISF-funded experimentation, including relevant data and other things that were found or discovered. This is needed in order to share these more widely. The grantee report may need more attention, particularly for the larger grants. Oral presentations to farmer meetings or fora can complement these, if documented well. Audiovisuals can be considered for innovative work with the largest dissemination potential. An increased role of formal research in the LISF-supported experiments would also provide a boost to this part of the LISF work.

Finally, the foregoing analysis reveals that the questions as to effective strategies to ensure longer-term sustainability of the LISF system and the institutional arrangements for facilitating spread of community-based LISFs have yet to be answered. This will need specific attention in the continuation of the pilots. In the next phase of FAIR, more attention will have to be given to the question of wider impact of the LISFs. The search for impact will need to look not only at technical innovations and their impact in livelihoods but also much more widely into social and institutional impacts.