

# Making innovation and innovation systems work for the poor

A majority of the poor in developing countries still live in rural areas and most of them depend on agriculture and rural activities for employment and livelihood. Understanding by policy makers and programme designers of the characteristics of innovation would enable them to identify opportunities and enhance the factors that facilitate innovation by and for the poor.

Throughout history, people have looked for innovation for several reasons including making better living conditions, reducing the drudgery of work, and improving the efficiency of production systems. Increasing the productivity of the poor and their income is important for poverty reduction. Yet productivity and income increases depend on innovation. Thus there are several drivers of innovation for the poor. Increasing the quantity of production of commodities that the poor produce given a set of inputs, and improving the quality of the products can fetch the poor better prices in the market, expanding the product range by value addition, reducing the cost of production, and using their natural resource base sustainably – all require innovation. Even when some people or communities seem to be vulnerable, innovative social protection programmes can be designed to take care

of them or they can be organised into groups to take advantage of economies of scale to deal with their predicament. Therefore, communities that are innovative tend to be progressive, stay out of poverty and maintain an improved livelihood.

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## ■ Innovation theories and applications

Innovation is not a new concept. The French economist Jean Baptiste Say explained in 1800 that an entrepreneur is a person who is able to make decisions that allow efficient use of economic resources. The economist and political scientist Joseph Alois Schumpeter stressed the role of the entrepreneur as an innovator, the person that develops a new product, a new market, or a new means of production (Funk and Wagnalls New Encyclopedia, No. 9).

Several strands of innovation theories have been developed from Joseph Schumpeter's initial work. Recently, some researchers extended the notion of innovation to various fields, including industrial innovation, organisational innovation, and the new growth theory (Freeman; Dosi; and Romer). Researchers applied the concept of

innovation in the field of agriculture and rural development to understand the process of developing new technologies and processes in response to relative scarcity of inputs of production and to map out the components and factors that contribute to well-functioning innovation systems (Hayami and Ruttan). Pro-poor innovation systems form the basis for several recent attempts to help the poor and small-scale farmers to have access to information and services to improve their productivity and incomes and live decent lives.

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## ■ The need for an interactive approach

Although innovation is needed for a sustained change, it must not be seen as emanating in a particular sequence. An innovation system approach considers innovation as a systemic process and recognises that innovation can emerge from many sources, complex interactions and knowledge flows. The limitations of the conventional pipeline approach to agricultural research, technology development and dissemination in broad-based sustained agricultural growth and poverty reduction led to the consideration of the innovation system approach as an alternative to smallholder agricultural development.

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*Pro-poor innovation systems help the poor to improve their productivity and incomes.*

The entry of new actors and market forces, combined with new economic and demographic pressures and new insights into socio-cultural realities and human behaviour, created the need and opportunity for more interactive approaches which resulted in the innovation system approach or paradigm.

Thus the innovation system approach to understand the creation, accumulation and sharing of knowledge and information and the institutional arrangements facilitating it has been promoted as a complementary approach to strengthening national agricultural research and knowledge systems. Due to its complexity, authors continue to develop various conceptual frameworks for identifying capacity gaps for innovation systems, review various challenges that development partners face in developing innovation capacity, and provide some strategic directions for enhancing innovation capacity in agriculture.

It is clear that in order to solve agricultural technology, organisational, and policy problems that smallholder farmers face in developing countries, adequate capacities are needed to support such innovation systems at the national level. However, there has been very little corresponding devel-



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opment in addressing the innovation needs for organising and managing national innovation systems in agriculture. Thus, there is a need for change, and such change should be identified at the country, regional, and community levels.

### ■ Making innovation systems work for the poor

In conclusion, speeding up poverty reduction and rural development processes requires an understanding of the

role that innovation and innovation systems have in developing countries. The contribution of innovation to poverty reduction depends on how the innovation system could be organised and sustained through various technical, institutional, and policy frameworks. Learning from one system of innovation for the benefit of others will depend on continuous monitoring of the innovation system for the challenges and solutions it brings about and documenting them on a regular basis. The articles of this volume are an attempt in this direction.

### Zusammenfassung

Entwicklung ist nötig, um die Lebensgrundlage der Menschen zu verbessern. Art und Geschwindigkeit der Entwicklung hängen jedoch von regelmäßigen Innovationen auf den unterschiedlichsten Ebenen ab. Der Großteil der Armen in Entwicklungsländern lebt nach wie vor im ländlichen Raum, und die Mehrheit ist zur Einkommenserwirtschaftung und zur Sicherung ihres Lebensunterhalts auf die Landwirtschaft und den ländlichen Raum angewiesen. Wenn Politik und Programmgestalter wissen, welche spezifischen

Eigenschaften Innovationen besitzen und wie sie funktionieren, können sie entsprechende Chancen erkennen und die Faktoren fördern, die Innovationen durch und für Arme unterstützen. Der Beitrag stellt Schlüsselemente von Innovationen und Innovations-Systemen für Arme vor.

### Resumen

El desarrollo es necesario para mejorar los medios de vida de las personas, pero la naturaleza y la velocidad del desarrollo dependen de la innovación periódica en los distintos niveles del esfuerzo humano.

La mayoría de los pobres en los países en desarrollo todavía vive en las áreas rurales, y en su mayor parte estas personas dependen de la agricultura y las actividades del campo para su empleo y su sustento. Si las instancias políticas de decisión y los diseñadores de programas comprendieran las características de la innovación, estarían en condiciones de identificar las oportunidades y fortalecer los factores que facilitarían el acceso y el ejercicio de la innovación por parte de los pobres. Este artículo presenta elementos clave de la innovación y del sistema innovador para los pobres.