



Leveraging Pay-for-Results Incentives to Drive Transformative Partnerships in the Agriculture Sector

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Parasto Hamed

\$152 million multi-donor initiative that uses Pay-for-Results (PfR) prize competitions to incentivize the private sector to invest in high-impact agricultural innovations that help achieve the following goals:



Reducing Food
Insecurity



Improving Household
Nutrition and Health



Increasing Livestock
Productivity

AgResults' **theory of change** rests on the idea that, if appropriately incentivized, the private sector will respond by creating and/or scaling new technologies to benefit smallholder farmers:



Identify or source
new technology



Incentivize the
private sector to
overcome market
barriers



Achieve wide-scale
adoption and
scaling



Create sustainable
markets



Australian Government
Department of Foreign Affairs and Trade

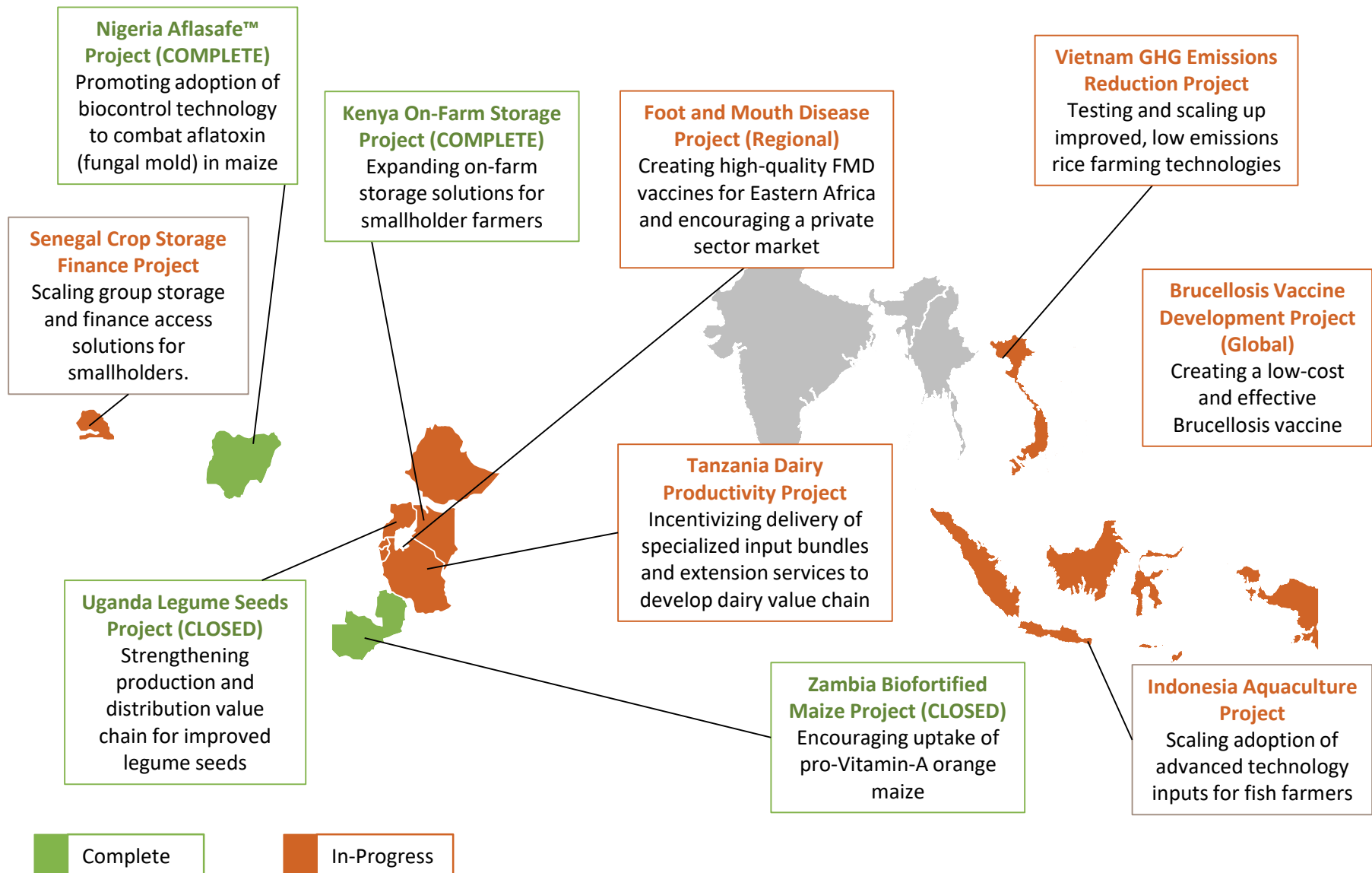
BILL & MELINDA
GATES foundation

Canada



THE WORLD BANK

AgResults in Action around the World



Why Prize Competitions?

Prize competitions offer a unique value-add over traditional “push” (grant) funding:



Heighten Awareness

Opportunity to educate, inspire, and mobilize on neglected issues.



Pay Only for Results

Payments upon achievement of specific outputs.



Spur Private Sector Market Action

Solution-agnostic to allow private sector to respond in ways best suited to their business practices.



Stimulate Innovation and New Ideas

Allow for experimentation, multiple solutions, and varied paths to success.

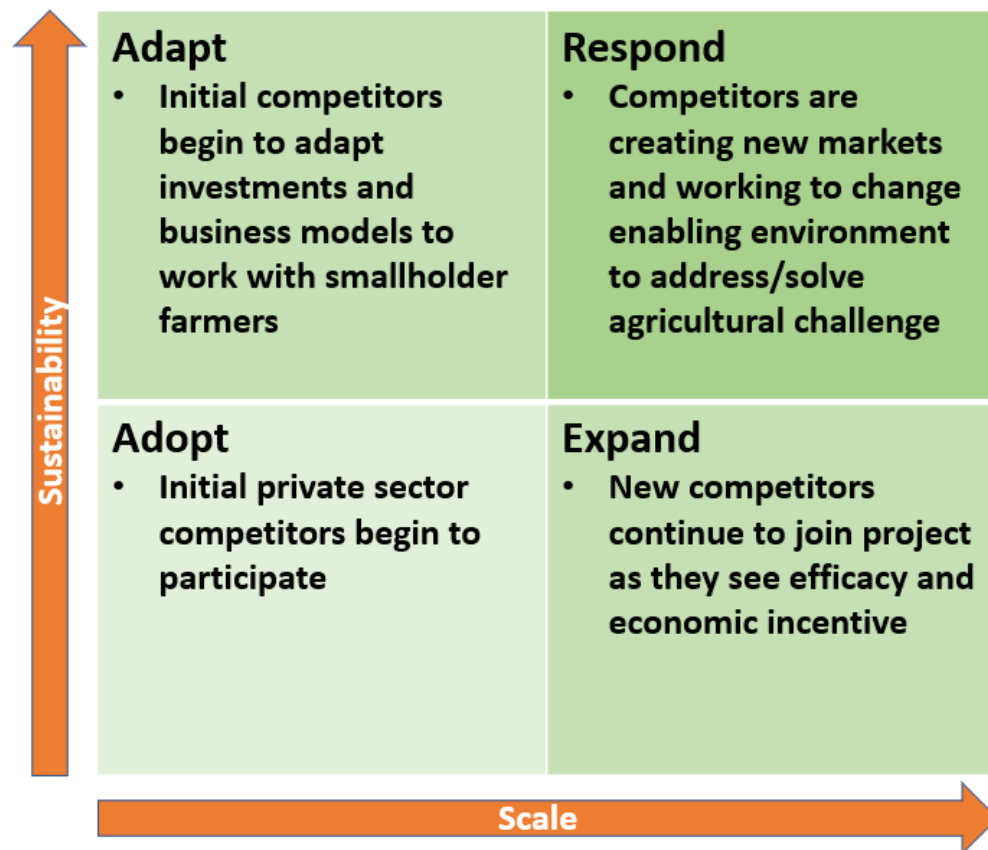


Prize competitions encourage new partnerships that drive scale-up and transform market systems to be more sustainable and resilient.

How Incentives Spark Partnerships to Create Sustainable Markets

AgResults competitions use monetary incentives to encourage new relationships among value chain actors. These partnerships establish innovative behaviors that have the potential to be scaled and sustained, transforming entire market systems.

1. Prizes motivate the private sector to venture into untapped markets and **adopt** new ways to solve existing problems.
2. Prize-driven actions encourage competitors to **adapt** current business models and create new partnerships.
3. As the economic benefits of these partnerships emerge, the broader market landscape shifts and **expands** to further strengthen relationships and access to solutions.
4. Over time, mutually beneficial partnerships along the value chain position competitors to better **respond** to changing market demands, transforming the entire market system to be sustainable and resilient.



Adapted from Nippard, Hitchens and Elliott, "Adopt-Adapt-Expand-Respond: a framework for managing and measuring systemic change processes." The Springfield Centre, March 2014.

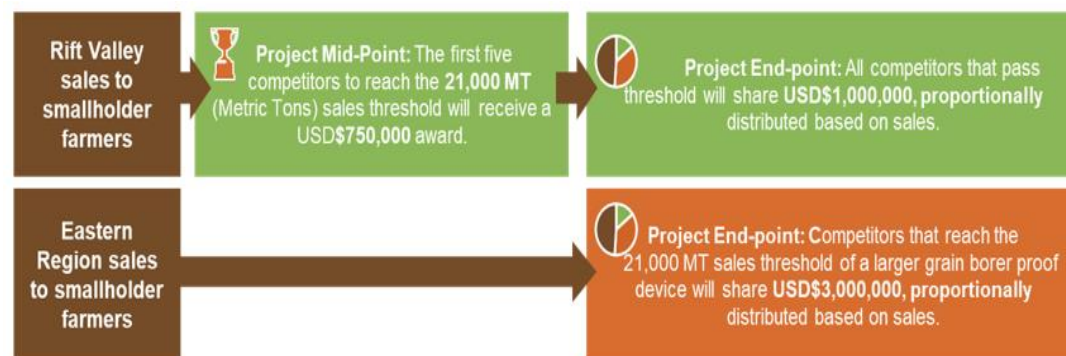
A Closer Look: The Kenya On-Farm Storage Challenge Project

Problem: Eastern Africa suffers from post-harvest grain losses that cost about \$US1.6 billion annually, but many smallholder farmers cannot access on-farm storage technologies and are forced to sell their crops immediately after harvest or use insecticides or less effective methods to store their crops.

Solution: US\$12 million prize competition incentivized private sector companies to develop, market, and sell on-farm hermetic storage devices to smallholder farmers in Kenya's Rift Valley and Eastern Regions to overcome storage challenges and reduce post-harvest loss.

Prize Incentive and Structure

- Competitors qualified for prizes by selling enough devices to surpass a 21,000MT storage capacity threshold.
- Mid-point prizes of \$750,000 each and proportional prizes totalling \$1M or \$3M (depending on the region) incentivized storage providers to invest in new distribution channels to rural areas.
- Farmers increased their use of hermetic devices to reduce post-harvest loss.



Results (2013 – 2019)



9 companies participated



1,390,777 devices sold



413,265 MT storage capacity created



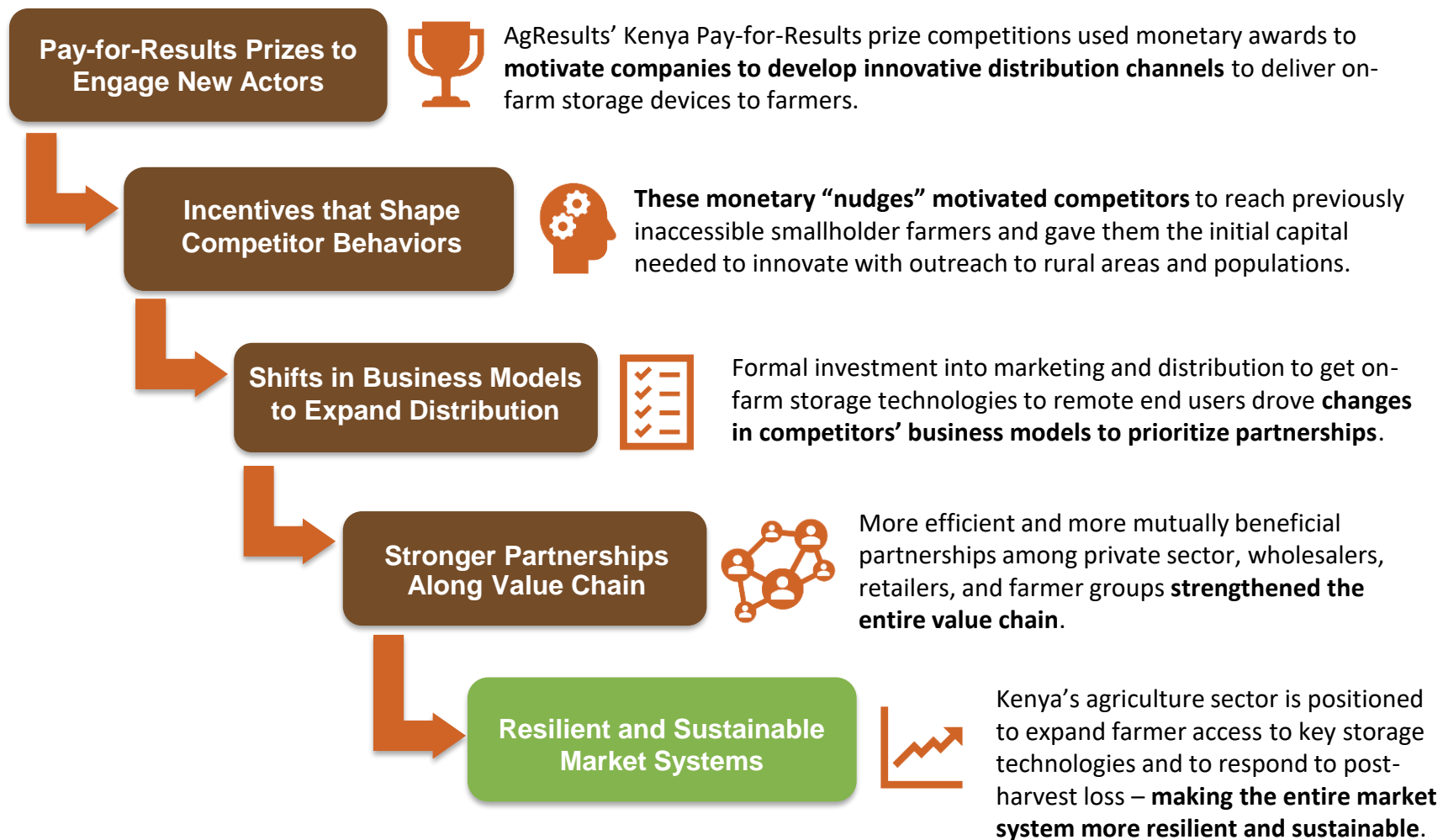
300,000 farmers reached



\$4.85M in competitor investments leveraged

Prizes and Partnerships: Incentivizing Sustainability in Kenya

In Kenya, prizes for on-farm storage device sales encouraged companies to rethink their outreach and distribution approaches. As they adjusted their business models, they strengthened partnerships with wholesalers, retailers, and farmer groups to bolster the entire market system.



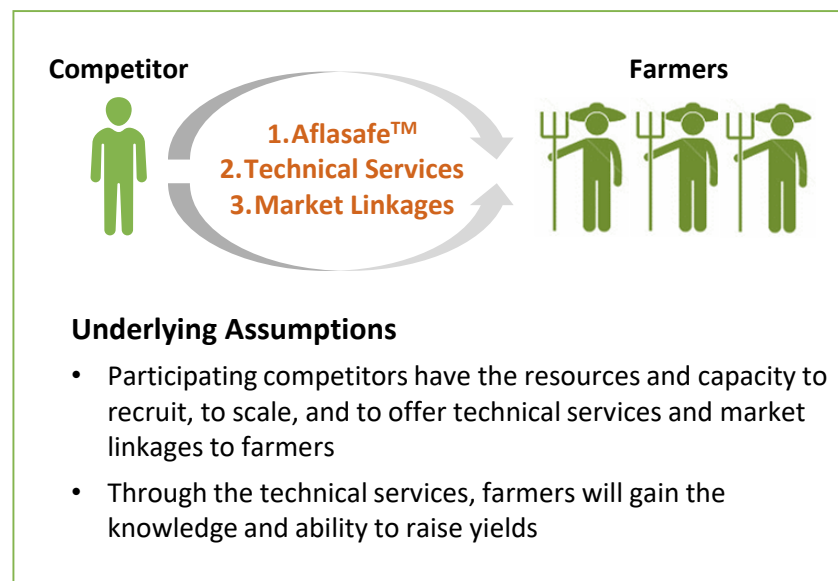
A Closer Look: The Nigeria Aflasafe™ Challenge Project

Problem: In Nigeria, the high prevalence of aflatoxin in maize produces a toxin that is carcinogenic and is associated with childhood stunting.

Solution: US\$12.68 million prize competition that incentivized private sector aggregators and grain traders to work with smallholder farmers to adopt Aflasafe™ and improve the quality of maize.

Prize Incentive and Structure

- Competitors worked with farmers, providing them with value-added services (including access to and training on using Aflasafe™) and market linkages
- Competitors received a premium payment of \$18.75 per MT of aggregated maize with a >70% prevalence rate of Aflasafe™
- Smallholder farmers benefited from higher yields, linkages to premium markets for aflatoxin-free maize and consumption of aflatoxin-free maize



Results (2013 – 2019)



35 companies
participated



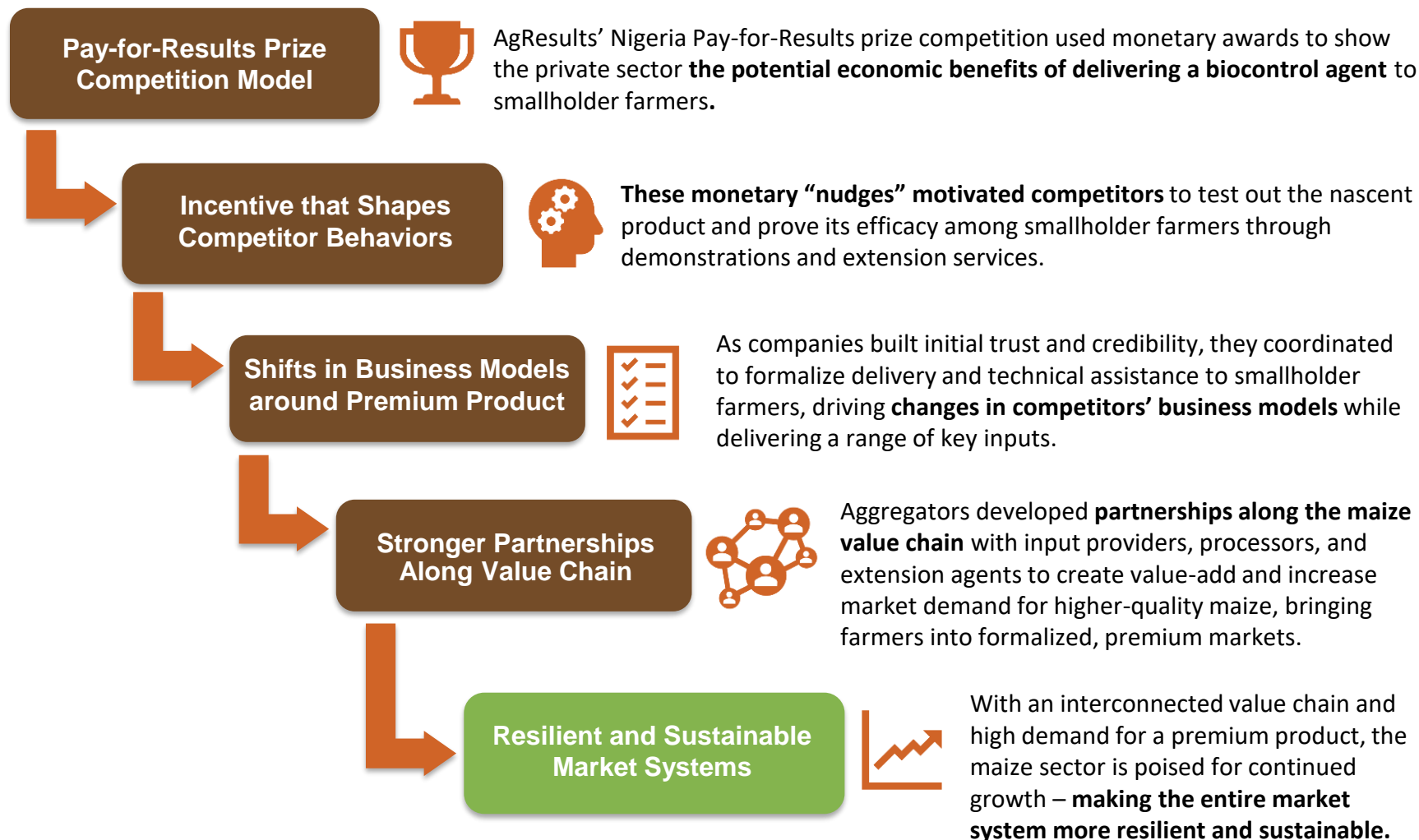
213,510 MT of
Aflasafe-treated
grain aggregated



75,788 farmers
reached

Prizes and Partnerships: Incentivizing Sustainability in Nigeria

In Nigeria, prizes for aggregated Aflasafe™-treated maize encouraged companies to teach best practices in Aflasafe™ application to smallholder farmers while raising public awareness of the health benefits, creating a partner-based approach to driving up market demand and market prices for a higher-quality product.



Prizes as a Mechanism to Spur Transformational Partnerships

- AgResults' prize competition model uses **monetary incentives** to enable competitors to overcome initial financial and logistical challenges impeding sustainable market growth.
- The private sector is incentivized to **establish critical partnerships** along the value chain to better deliver solutions to smallholder farmers.
- In Kenya, competitors created partnerships to build out distribution channels and reach previously inaccessible smallholder farmers.
- In Nigeria, competitors partnered on value-add activities to drive up market demand and prices.
- In both cases, mutually beneficial **partnerships increase access, trust, and the delivery** of technological solutions, strengthening market systems so that they are **more sustainable, inclusive, and resilient**.





Thank you!

For more information and resources, visit the AgResults website:

<https://agresults.org/>