

KEY QUESTIONS AND ANSWERS

AgResults: Innovation in Research and Delivery

Q1. What is AgResults?

AgResults is a new multilateral initiative addressing the need for increased investment in global food security and agriculture, in particular from the private sector. AgResults will offer financial incentives for private sector actors or organisations that are able to develop and apply new technologies with the potential to yield high development impacts at an affordable price for smallholders in developing countries. This approach differs from traditional programs in that incentives are paid only after results have been achieved, maximising impact and value for money.

Q2. Where does it come from and who funds it?

Formerly known as the “Agriculture Pull Mechanism Initiative”, the mandate for this work originated at the June 2010 G20 Summit in Toronto, where leaders committed to exploring innovative, results-focussed ways of harnessing private sector innovations in food security and improving productivity in developing countries. This commitment involved a two-year effort by partners including the governments of Canada, the United Kingdom, Australia, and the United States of America, together with the Bill and Melinda Gates Foundation and the World Bank to develop AgResults, culminating in its official launch at the G20 Summit in Los Cabos in June 2012 with pre-commitments of USD 100 million.

Q3. What has the G20 got to do with developing countries?

The global development agenda is core business for the G20, particularly the issue of food security and the part it plays in ensuring global growth and stability. The G20’s development agenda goes beyond traditional aid measures with the aim of creating a more inclusive global economy. This work delivers on commitments made at G20 Summits in Toronto and Cannes to increase incentives for private sector investment in agriculture, and to direct efforts to feeding the world’s most vulnerable populations. It aligns with stakeholder recommendations, including Bill Gates’ 2011 recommendations to Leaders in Cannes on innovative finance, and B20 2012 recommendations on policy incentives to enhance agriculture research and development.

Q4. What is a pull mechanism for agriculture?

Speaking generally, pull mechanisms involve the ex post provision of economic incentives for innovation where the aim is to solve a specific, well-defined problem. They provide rewards for desired results that are extensively specified in advance, without preference as to the market participants, strategies and technologies. AgResults will use “pull mechanisms” to provide financial

incentives for businesses or organisations that demonstrate measurable results in areas where private sector investment is virtually absent due to market uncertainties. Unlike “push” investments in research institutions that strengthen the *supply* of research, this type of investment strengthens the *demand* by fostering markets for innovations.

Pull mechanisms for development seek to encourage innovation relevant to developing country markets and overcome a price barrier for consumers while leaving production, marketing and distribution strategies to the private sector. These mechanisms can take a number of forms, from advance market commitments to prizes. One well known example in the health sector is the \$1.5 billion pilot advance market commitment for pneumococcal vaccines launched in 2009 (to date 6.9 million vaccines have been delivered to nine countries). Other examples are outlined in the AgResults concept note at http://siteresources.worldbank.org/CFPEXT/Resources/AgResults_concept_note.pdf

Q5. What will the Secretariat do, and how will it operate within the AgResults structure?

The Secretariat will be responsible for implementation of the AgResults initiative and will report to the Steering Committee (SC). In order to fulfil its role effectively, the Secretariat will need to develop a close working relationship with the Trustee and ongoing External Evaluator. Core functions include appointment and management of pilot implementation and verification agents, sourcing new pilots and communicating results (publicly and to the SC). A functional chart is attached as Annex 1.

Q6. Who can apply and where will the Secretariat be located?

All private and public entities with the required experience and capacity to perform the Secretariat role are welcome to apply. The AgResults Steering Committee also encourages applications from consortia that can bring a unique blend of public and private commercial experience to this work. There are also a number of areas where the Secretariat will be required to have knowledge of (and will be expected to meet) minimum standards. For example, the Secretariat will need to operate within World Bank procurement guidelines, anti-money laundering rules and other sanctions lists. For example, see <http://web.worldbank.org/WBSITE/EXTERNAL/OPPORTUNITIES/EXTCORPPROUREMENT/0,,contentMDK:22030756~pagePK:64147231~piPK:64147158~theSitePK:438017,00.html>

Note that there is no required location for the Secretariat, but that English has been designated as the AgResults working language.

Q7. How will private-sector results achieved through AgResults be verified?

Results achieved through AgResults pilots will be verified by independent 3rd party experts in the field. If required results are not achieved, no payments are made.

Q8. How can AgResults return on investment be monitored?

Funds from donor countries will be managed by the World Bank in its role as Trustee of the initiative. As it is a pay-on-results initiative, the funds will be paid to recipients only when results are achieved and verified by an independent third-party. For instance, if the established AgResults target to reward the decrease of post-harvest losses by farmers, then donors would commit to paying a pre-determined amount per volume of effective on-farm storage technology that is adopted by farmers. Again, if the pre-defined results are not achieved, or there is no uptake by farmers, no payments will be made.

Q9. What types of projects will be supported through this initiative?

The initiative will support projects that address some of the biggest problems in global food security and agricultural development. The initiative's portfolio of projects will represent a diverse mix of agriculture and food security issues, testing different types of pull mechanisms in different regions globally. The initial set of pilots, expected to start early in 2013, will focus on maize production in Sub-Saharan Africa, including:

- Incentivizing the adoption of on-farm storage technology for smallholder farmers;
- Encouraging innovative distribution of a breakthrough technology to reduce aflatoxin contamination; and
- Building a market for new vitamin A-enhanced varieties of maize.

Additional projects to be explored include livestock vaccines and fertilizer innovation, as well as new ideas related to increasing crop yields, decreasing post-harvest losses, increasing livestock productivity and improving nutrition.

