

# Agricultural Pull Mechanism (AGPM) Initiative

## *Criteria for evaluating AGPM proposals*

The EAG agreed that all proposals submitted for consideration to the thematic groups should address the following overarching objective:

*“Proposals should seek to enhance smallholder welfare and food security for the poor and vulnerable in developing countries through increased investment in agricultural innovation and adoption. One area of focus is improving the availability, affordability and/or quality of food for poor people in developing countries.”*

The EAG agreed that proposals should be assessed in three stages: reviewing proposals against entry requirements; evaluating proposals against ranking criteria; and undertaking a cost-adjustment process to complete the evaluation.

### **1.1 Entry criteria**

Pilot innovations must be:

- A pull mechanism – rewards/payment must be structured *ex post* not *ex ante*;
- Targeted to address specific market failure(s);
- Focused on enhancing food security and/or improving the welfare of smallholders, the poor and vulnerable in developing countries;
- Technically and operationally feasible within a reasonable timeframe.

### **1.2 Ranking Criteria**

The EAG reviewed and revised a preliminary version of the evaluation criteria and identified three primary areas for evaluation detailed below.

## **I. Impact**

The proposal must outline expected impact in one or multiple of the following categories:

### **A. Production impact**

1. Quantity of production: what improvement in productivity is expected?
2. Quality of production: how will the quality of the product/service increase?
3. Smallholder impact: how and why will the product/innovation be adopted by the target market?

## **B. Consumption impact**

4. Quantity of consumption: how will the proposal result in increased availability of the target output or service to poor (including rural, urban and landless poor) and vulnerable populations?
5. Quality of consumption: how will quality increase, with what impact?

## **C. Cross-cutting impact:**

*Note:* These criteria are included in order to demonstrate that the EAG takes an affirmative interest in proposals targeting impact in these areas. They are also included in Section IV below, as a separate criterion designed to ensure that the proposals are socially/environmentally responsible and “do no harm”.

6. Gender: does the proposal focus on improving or addressing gender issues?
7. Externalities: does the proposal address and capture positive externalities or cross-sector benefits? (e.g. sustainable intensification of the use of natural resources, enhancing beneficiary capacity to adapt to climate change, solutions to soil degradation, climate change mitigation, provision of public goods, etc.)
8. Value chains: does the proposal address value chain gaps which particularly affect smallholders, the poor or the vulnerable?

## **II. Market stability and sustainability**

9. Market size and capacity: is the target market large enough to support the pilot project and growth? Does the target market have uptake capacity for the innovation?
10. Market improvement and/or disruption: does the proposal address the possibility and mitigation of large-scale disruption to the market that would negatively impact the poor or vulnerable (e.g. increased volatility in local prices)?
11. Value chain: is the proposal workable (or does it create an improvement) with respect to the flow of goods from producers to consumers?
12. Competition: does the proposal increase the health and operations of target markets?
13. Operating model: does the proposal delineate a clear operating model for delivery of the innovation and demonstration of participation that indicates economic viability (e.g. no long-term institutional financial subsidy)?

**III. Scalability and replicability:**

14. Scalability: will the proposal be able to be extended and scaled up within the target markets, populations?
15. Replicability: can the proposal be replicated in other target markets?

**IV. Environmental and social sustainability**

16. Cultural appropriateness: is the proposal well adapted to the target market cultural and social norms?
17. Market preferences: is the proposal adapted to meet local market needs and preferences?
18. Environmental effect: Does the proposal have a positive impact on the environment by mitigating climate change or enhancing climate adaptation?
19. Environmental, Health and Safety standards: is the proposal consistent with World Bank Group environmental, health and safety standards? (Please refer to: <http://www.ifc.org/ifcext/sustainability.nsf/Content/EHSGuidelines>)

### Ranking criteria weighting

Criterion	Proposed Weighting
<b>Production impact</b> 1 Quantity of production 2 Quality of production 3 Smallholder impact	<b>55%</b>
<b>Consumption impact</b> 4 Quantity of consumption 5 Quality of consumption	
<b>Cross-cutting impact</b> 6 Gender 7 Externalities 8 Value chains	
<b>Market stability and sustainability</b> 9 Market size and capacity 10 Market improvement and/or disruption 11 Value chain 12 Competition 13 Operating model	<b>15%</b>
<b>Scalability and replicability</b> 14 Scalability 15 Replicability	<b>15%</b>
<b>Environmental and social sustainability</b> 16 Cultural appropriateness 17 Market preferences 18 Environmental effect 19 Environmental, health and safety standards	<b>15%</b>

Each proposal will be scored in each of the four areas, using a scale of 1 through 5 (with 1 being the lowest demonstration of potential and 5 being the highest). An aggregate score will then be compiled using the weighting above.

### **1.3 Cost-adjustment criteria**

- The cost of the pilot needs to be taken into account in the assessment process. These costs include, but are not limited to:
  - Size of prize or payout
  - Price per beneficiary
  - Monitoring and evaluation costs
  - Administration costs
- Costs need to be evaluated in light of the overall benefit as defined by the ranking criteria
- Costs should be evaluated over time measured against the proposed implementation timeline as well as the timetable for benefits to be realized
  - Applicable discount rates will be specified