



Can the way of funding make a difference in local agricultural innovation systems?

Stakeholder-driven funding mechanisms for agricultural innovation

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Overview of the presentation

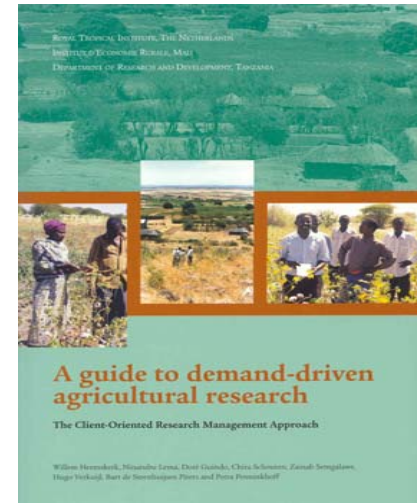
- **Context: Poverty, agriculture, innovation, stakeholder resource control**
- **Learning cycle and analytical framework**
- **Benin and Tanzania cases (CGS, PPP)**
- **Lessons learned and conclusions**
- **Issues, questions, discussion**

Trends & insights

- **Poverty reduction (MDG1) renews the attention for agriculture**
- **Pro-poor agricultural development requires co-innovation in value chains**
- **Knowledge-for-innovation asks for institutional and organisational innovation**
- ▶ **Shift from AR&D to Agricultural Innovation Systems (AIS)**

Enhancing agricultural innovation

- **Attitude change:** participatory approaches (FSA, PLAR, PME)
- **Organizational & institutional change:** privatization (MSP), deconcentration & user responsiveness (CORMA), alternative funding mechanisms (PPP, CGS), social capital (FOs)
- **Policy change:** analysis of knowledge & information management (RAAKS), Innovation System Analysis (IAR4D)



Enhancing stakeholder control:

- **Deconcentration & decentralization of AR&D services**
- **Privatization & diversification of service provision**
- **Institutionalisation of participatory planning, M&E in AR&D**
- **Co-financing and cost-sharing incentives**
- **Enhanced Knowledge and Information Systems (ICT)**
- **Farmer empowerment**

Why alternative financing mechanisms?

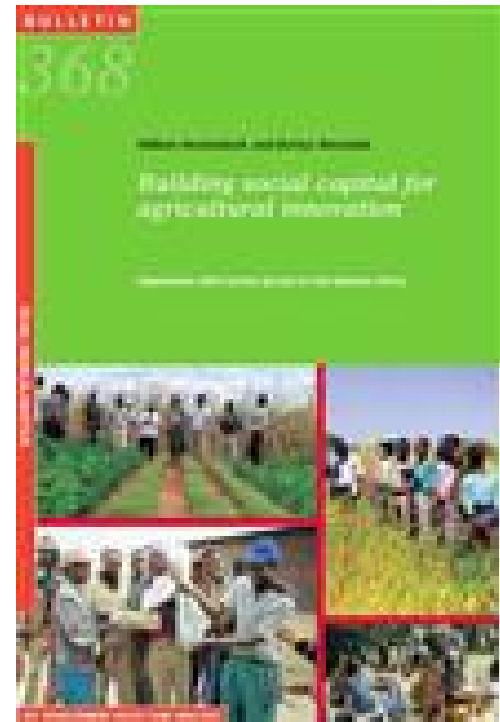
- **Changing role of the State:**
 - Shift from implementation to regulation
 - Privatization of (knowledge) services
- **Financial crises in the public sector:**
 - Cost-recovery and additional funding (levies, user charges, contract research, co-financing)
- **Effectiveness of the innovation system:**
 - Separation of PM&E and implementation and funding;
 - Improved priority setting;
 - Alternative funding mechanisms;
 - Knowledge services more client-oriented; and,
 - Efficiency of service provision in an open system

Funding mechanisms: Challenges:

- **Effective in improving productivity and incomes in pro-poor in the value chains**
- **Meaningful participation of all stakeholders in the AIS**
- **Multi-stakeholder control over priorities and resources**
- **Reduced public financing and demand for efficiency and effectiveness**

Learning cycle on alternative funding mechanisms:

- **Case studies in SSA**
- **Exchanging/sharing of knowledge & experiences (debates, workshops)**
- **Identification of best practices & lessons learned**
- **Development of guidelines, reference guides and training curricula for capacity building of key actors (e.g. ASDP)**



Funding mechanisms studied:

Competitive Grant Schemes (CGS)

What? Provide grants for a particular AR&D need on the basis of competition of proposals that must meet specific criteria.

Why? Quality (competition) and Collaboration (resources)

Public-Private research Partnerships (PPP)

What? Exchange/sharing of resources from public and private sector organizations for conducting AR&D activities to attain a common goal and through a broad spectrum of arrangements

Why? Public, social, interests + private competencies

Case studies: Competitive Grant Schemes

Tanzania:

- National ARF In Tanzania for applied research (DRT)
- Zonal ARFs (7) for adaptive research
- District AR&D Funds (EZCORE)

Benin:

- National CGS with zonal funding mechanisms for adaptive research and extension.

Case studies: Public-Private Partnerships:

Tanzania:

- Tanzania Coffee Research Institute (TaCRI): fund, financed by coffee levies, for R&D



Benin:

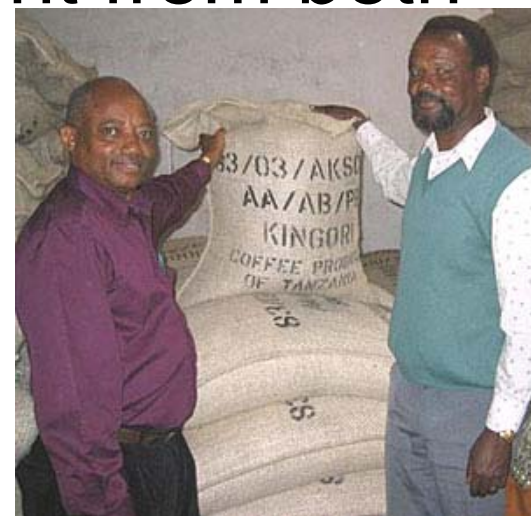
- National Cotton Association (AIC): common fund, financed by cotton levies, for cotton research & agricultural extension

Analytical framework of funding mechanisms

- ***Effectiveness:*** impact of knowledge services attributed to alternative FMs
- ***Efficiency:*** costs of providing services and overhead
- ***Sustainability:*** additionality and enhanced multi-stakeholder financing for innovation
- ***Institutional change:*** stakeholder control over resources, partnerships and equity

Tanzania: Zonal Agricultural Research Funds (ZARFs):

- Tanzania has seven research zones
- Established in response to NARF failure to have more voice from zonal stakeholders in decision making
- Multi-stakeholder management from both private and public
- Adaptive research focus



ZARFs CGS in Tanzania

Institutional change:

- **C**lient influence over the research agenda improved although farmers still had little influence.
- Overtime funds focused on AKIS rather than research funds, leading to better balance between research and development/extension.

Efficiency and sustainability: Improved financial transparency

Effectiveness and relevance:

- More projects funded. ZARFs funded some 120 research projects US\$7000-25000 per project.
- The approval rate for submitted proposals varied strongly between zones from 41% to 93%. The total ZARF funding amounted to 6-15% of total research funding.

Competitive Grant Scheme in Benin:



- Management tool for (2) Zonal Research Centres established in 2000
- Financed by donors ('basket funding')
- Multi-stakeholder management institutions: scientific workshops, AR&D committees (priority setting) and R&D proposal approval committees
- Remaining challenges: participation of users in decision-making and cooperation between members in the public and private of NARS/AKIS

Competitive Grant Scheme in Benin: INRAB

- ***Effectiveness:*** focus on users' needs; quality improvement of proposals; enhanced flow of knowledge, information & technologies.
- ***Efficiency:*** standard criteria for examining proposals and allocation of resources; increased transparency & accountability towards users.
- ***Sustainability:*** weak financial sustainability (donor dependency); large overhead costs of MS institutions.
- ***Institutional change:*** efficiency attracted “earmarked” donor funds; only integration of public NARS/AKIS.

Public Private Partnership in Tanzania: TaCRI

- Coffee research privatised in 2001
- Membership-based organization
- Financed by: Cess funds, STABEX funds, Government Block Grants, Contract research and internal revenue funds
- Remaining challenge: making use of existing social capital for planning, M&E and have FOs in decision-making bodies

Public Private Partnership in Tanzania: TaCRI

- ***Effectiveness:*** stronger voice of stakeholders, but more inclusion required in priority-setting and investment in social capital (FFS). Training of trainers. International networking.
- ***Efficiency:*** annual auditing; rationalization of resources.
- ***Sustainability:*** diversification of financing; development of endowment fund.
- ***Institutional change:*** TaCRI owned by members leading to downward accountability

Main lessons learned: Competitive Grant Schemes

- Improved demand articulation, but inadequate M&E to assess impact & 'boost' quality of research
- Enhanced research relevance & process transparency but impact hampered by
 - weak links between actors at other levels
 - weak internal communication (FOs)
 - limited resources (public sector extension)
 - Public sector attitude
- Need for capacity development of actors (private AR&D and FOs) to create a level playing field

Main lessons learned: Public-Private Partnerships

- Shift to adaptive research and pre-extension due to drive by stakeholders
- Lead to clearer roles of public and private sector but public sector support is out of balance
- M&E by FO's is key to equitable access of services and performance focus
- Risk of further 'segregation' between 'private' funded export-commodity R&D and 'public' funded livelihood-system R&D

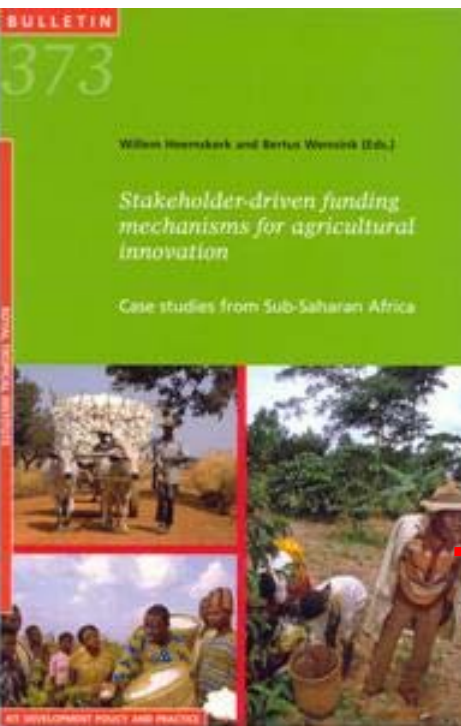
Conclusions on alternative FM:

- Enhance separation between funding and implementation and roles of stakeholders
- Can attract private sector co-financing and matching funds (promising results)
- Urge for more policy coherence between private (PPP), donor (CGS) and public financing
- Need consensus & capacity building among AIS stakeholders (including FO's)

Issues & questions

- What are sustainable mechanisms for 'genuine' client and user-representation ?
- How to enhance the pro-poor focus & inclusiveness of these funding mechanisms?
- What are mechanisms to enhance cost-sharing and co-financing by firms & farms ?
- How much trade-off between deconcentration for effectiveness and local ownership and efficiency?
- How to merge competition for quality and interactive learning?

Can the way of funding make a difference in local agricultural innovation systems?



Yes, but (em)power(ment)
questions remain !!

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Thank you for your attention