Cost-Sharing Quick Guide

1. **Context in which used:** The financial risk of piloting an improved practice is perceived by the targeted individual or firm as too high compared with the uncertain benefits. To entice and encourage the targeted individual to try out an improved practice the facilitator offers to buy-down the risk by covering a portion of the costs. *(see Ownership & Sustainability issues)*

2. **Behavior change**
   a. Skills building ♦♦♦
   b. Conviction ♦♦♦♦
   c. Role modeling
   d. Reinforcing mechanisms ♦♦

3. **Objectives:** Targeted individuals...
   a. Pilot specific performance improvement practices
   b. Are able to evaluate the effectiveness of the improved practices and make additional improvements
   c. Are able to evaluate the benefits of the targeted improvements
   d. Are able to scale-up the piloted practices

4. **Preparation**
   a. Identify an opportunity for cost-sharing and propose the complete idea (who, objectives, rationale, costs to share, etc.) to your supervisor
   b. Upon approval, develop with the targeted individual or firm clear roles and responsibilities and together complete a Cost-share Agreement (see your supervisor)

5. **Delivery**
   a. Follow the timeframe and activities as outlined in the roles and responsibilities and Cost-Share Agreement

6. **Follow-up**
   a. Conduct After Action Review with the targeted individual or firm
   b. Assist in identifying and making improvements to the piloted practice
   c. Develop with the targeted individual or firm a plan for scaling up the piloted practice
   d. Visit to ensure the plan for scaling up the practice is underway and on schedule, troubleshoot problems as necessary
   e. Ensure compliance with mechanisms for measuring benefits of improved practice
   f. Introduce additional performance improvements to build from those improvements underway as and when warranted
   g. Use the pilot as a possible case study or role model for other firms and individuals

7. **Ownership & Sustainability issues**
   Issues around Ownership & Sustainability are plenty and the demonstrated commitment by the target firm and its utility as a role model must be assured. Ideally, cost-sharing is done with a third-party, service provider (e.g., an SMS service provider, media outlet, etc.) and the target firm never knows that it is benefiting from a cost-share from the Activity. However, cost-sharing can be done directly with the target firm to pilot certain practices (e.g., organizing or conducting marketing events, capacity building of staff or agents, outreach programs by wholesalers to retailers, etc.). Five rules of thumb apply:
**Feed the Future Agricultural Inputs Activity**

a. **Do not** include cost-sharing in your initial offer to the targeted individual or firm. The target firm must demonstrate commitment by adopting some improved practice first before cost-sharing for other improvements becomes an option.

b. Avoid cost-sharing for recurrent costs unless it is possible to build in a simple way of scaling down to zero the contribution of the Activity (e.g., initial cost-share of 60%, reduced to 30% a month later, reduced to 0% by an agreed upon time).

c. Clear roles and responsibilities must be set out in writing for all cost-shares

d. The appropriate amount to cost-share depends and does not need to be uniform among all targeted firms:
   - Signs of a bad cost-share agreement: the targeted individual either inflates or is unconcerned about the overall cost of the improved practice to pilot
   - Signs of a good cost-share agreement: the targeted individual actively intervenes to bring down overall costs, incorporating considerations for when he/she will be covering 100% of the costs

e. The targeted firm must demonstrate a capacity to roll out the improved practice at 100% of the cost before any more support can be provided.

8. **Possibly combined with...**
   a. Training: a one-on-one training could introduce new skills and serve the facilitator as a way of improving his/her own training skills outside of a formal training session
   b. Coaching: especially for developing specific components of an improved performance and evaluating effectiveness and benefits