

FOSTERING INNOVATION:

USAID/Kenya's Feed the Future Innovation Engine

OVERVIEW

Spanning five and a half years (2012–2017), USAID/Kenya's Feed the Future Innovation Engine (KIE) sought to identify, foster and bring to scale innovative private sector solutions to persistent poverty and food insecurity. In the process, the program built capacity and leveraged considerable resources from the private sector to support entrepreneurs and facilitate experimentation in the service of the following goals:

- Enhance the adoption of innovative agricultural technologies and practices;
- Improve agricultural productivity and markets; and
- Increase private sector investment in agriculture and nutrition-related activities.

Structured much like a venture capital fund, KIE used an open and competitive process to identify agriculture and nutrition innovations with the greatest potential for large and sustainable impacts. The program's implementer, Land O' Lakes International Development, conducted four innovation solicitation waves, which generated 679 innovation applications, 66 of which were selected and presented to the program's investment advisory committee (IAC). Of these, the IAC recommended 21 to USAID for funding. USAID approved 20 awards to test a total of 24 technologies. All of these innovations received seed funding and technical assistance.

KIE's contract number was AID-623-C-12-00001.

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KIE AT A GLANCE

- Structured much like a venture capital fund, KIE identified, fostered and brought to scale innovations in the food security sector.
- Hybrid contract, combining firm fixed price (FFP), fixed-price incentive fee (FPIF) and firm-fixed price level of effort (FFP-LOE)
- Each innovator received both seed funds and technical assistance.
- Seed funds were awarded through Grants Under Contract (GUC) using the fixed obligation grant (FOG) mechanism, which required the disbursement of funds to grantees only upon successful achievement of milestones.
- Each innovation was assessed to determine the stage of the innovation — Stage 1 (proof of concept), Stage 2 (pilot roll-out), or Stage 3 (transition to scale).
- KIE innovations leveraged \$8,236,834 worth of private sector investment.

HOW DID THE CONTRACT BUILD IN OPPORTUNITIES TO BE ADAPTIVE?

As a \$17.2 million hybrid contract, KIE incorporated the following line items (CLINs): firm-fixed price (FFP), fixed-price incentive fee (FPIF), and firm-fixed price level of effort (FFP-LOE). The table on the following page demonstrates how these contractual types were used:¹

CLIN	USE	CONTRACT TYPE	APPROVED BUDGET
CLIN 001: Core Services	Costs that support the general project, such as labor, travel, supplies, training costs, equipment, sub-contract costs, overhead costs and a fee to account for risk associated with implementing a fixed-price contract.	FPIF	\$10,282,421
CLIN 002: Incentive Fee	Land O' Lakes was incentivized with fees awarded based on stages reached by the innovations.	FPIF	\$418,000
CLIN 003: Short-Term Technical Assistance	Technical assistance was provided by Dalberg and IDEO.org to support each innovation's potential for successful stage progression.	FFP-LOE	\$2,745,015
CLIN 004: Grants Under Contract	Seed grants were awarded to grantees and disbursed as milestones were achieved.	FFP	\$4,279,356
TOTAL COST			\$17,724,792

HOW WAS KENYA'S INNOVATION ENGINE MANAGED ADAPTIVELY?

Seed funding for the innovations was provided through a Grants Under Contract component (GUC) that awarded \$4,279,356 over five years in small grants to 20 local nonprofit and private organizations. Each of these organizations underwent Dalberg's "Rigorous Assessment" process at baseline and endline in order to determine the stage of the innovation — Stage 1 (proof of concept), Stage 2 (pilot roll-out), or Stage 3 (transition to scale). All grantees also received technical assistance in human-centered design from IDEO.org. Over the course of KIE's five years, 16 innovations began at Stage 1, and four began at Stage 2. Six of the Stage 1 innovations graduated to Stage 2, and three of the Stage 2 innovations graduated to Stage 3. All of the grants received by innovators used the fixed obligation grant (FOG) mechanism, which required the disbursement of funds to grantees only upon successful achievement of milestones.

KIE developed strong partnerships with universities, government ministries, other international donors and private sector companies, such as VISA, Equity Foundation, Safaricom Ltd, Syngenta Foundation and Seed Co. Cumulatively, KIE innovations leveraged private sector investment worth \$8,236,834.

¹ Feed the Future Kenya innovation engine contract completion report, accessed from the Development Experience Clearinghouse, 11 January 2018, p.42.