

INCENTIVE MODELS FOR COOPERATIVES IN THE RICE VALUE CHAIN FOR AGROECOLOGICAL TRANSITION IN THE MEKONG DELTA OF VIETNAM

Project: Private Sector Incentives and Investments (PSii) for Climate Change, Resilience and Environmental Sustainability | [TRANSITIONS program](#)

Alliance Bioversity & CIAT, Hanoi

IFAD funded project led by the Alliance Bioversity & CIAT and implemented in Peru (cacao), Ethiopia (wheat) and Vietnam (rice). It includes three components: 1) investment, incentives, sustainable finance; 2) holistic methods and digital traceability; 3) co-design, capacity, scaling out.

Collaboration between Alliance Bioversity & CIAT, ICRAF&CIFOR, IRRI, IWMI, and Transformative Partnership Platform, and the University of Vermont.

1. PSii project - Aim and approach

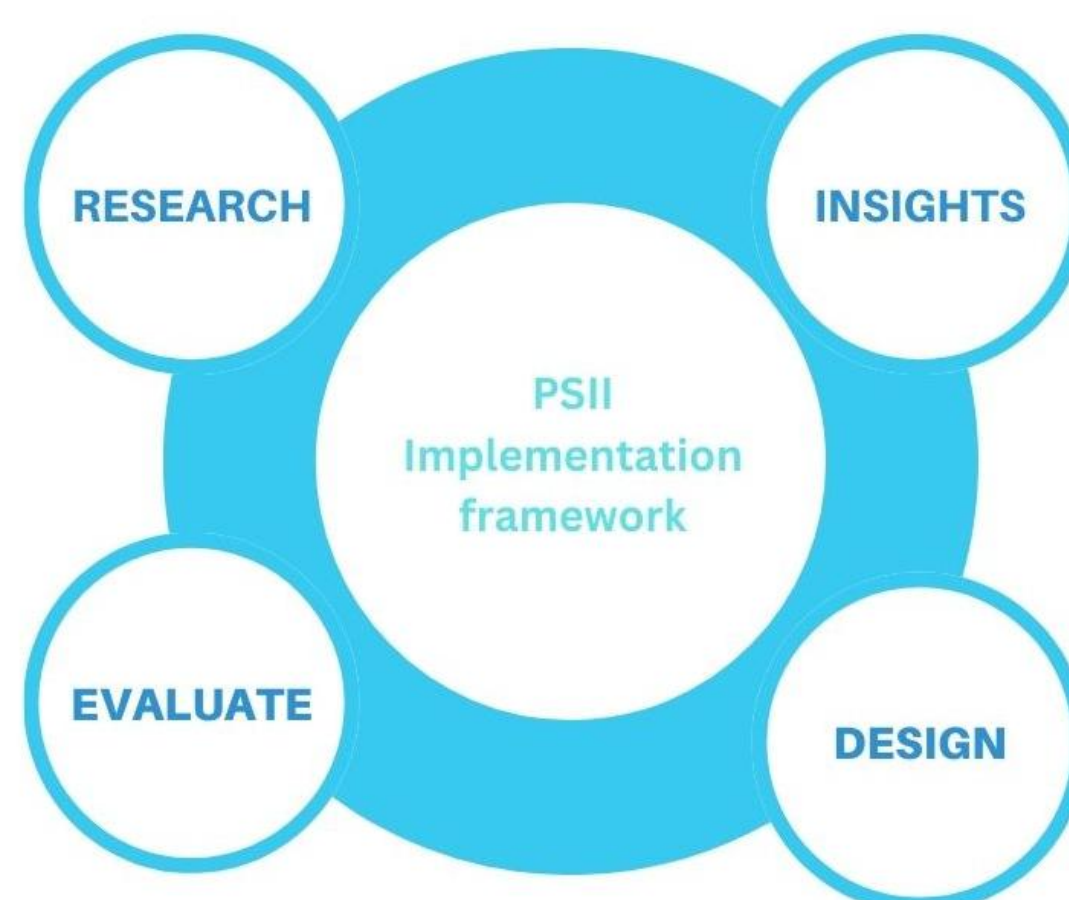
Private sector incentives and investments (PSii) project aims at developing **inclusive incentive mechanisms** for private and public sector stakeholders to enable agroecological (AE) transitions.

Value proposition: Leverage private and public sector incentives and investments to scale-out AE practices:

1. Farm level: **AE capacity strengthening** among farmer cooperatives
2. Private Sector companies use **metrics and provide incentives** for cooperatives and individual farms for AE transition.
3. National and regional level **policy engagements within MSPs** (private, public, CSO, research, etc.)

CONDUCT EVIDENCE BASED RESEARCH

- Which incentives are critical for agroecology transition?
- Which AE metrics can be integrated in digital traceability tools?



PACKAGE THE INSIGHTS

- Which types of incentives are relevant for adopting AE at the farm and firm levels?
- Which type of incentives are relevant for integrating holistic metrics into digital traceability tools?

EVALUATE THE RESULTS AND LESSONS

- What are the process, outcome, and impacts of leveraging incentives for scaling AE solutions?

APPLY INSIGHTS TO DESIGN SOLUTIONS

- What are AE practical solutions and the mechanisms for delivery at the farm, firm and landscape levels?

3. Planned activities

| Step 1. Assess AE incentives and financial models | Step 2. Test and validate incentive models and supporting tools | Step 3. Sharing, learning and supportive policy |
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| 1.1. Scoping / case studies: current situation, challenges & opportunities | 2.1. Improve access to different incentive & investment models for each cooperative type | 3.1. Assess initial experience with intervention & investment models |
| 1.2. Stakeholder workshop to co-design interventions | 2.2. Capacity building for cooperatives and members | 3.2. Design guidelines, learning materials, and policy recommendations |
| 1.3. Develop financial models for AE transition | 2.3. Awareness campaign for promoting AE adoption | 3.3. Organize (policy) dissemination workshop |

Working with Agriterra and VCA/INOSTE

4. Early findings

Cooperatives

- Classification cooperatives based on 3 indicators: cooperative size, business model, level of linkages with off-taker companies
- Cooperatives face significant challenges such as limited capital, weak governance, poor market access, and low member engagement

Incentives

1. Policy incentive from local government (1M5R)
2. Contract farming/price premium
3. Develop own products with local brand
4. Awareness raising and capacity building

Stakeholders

- Government agencies
- Cooperative and members
- Off-taker companies
- Service providers

Greater coordination and targeted interventions are necessary to overcome these obstacles and scale up adoption of AE practices

2. Different type of rice systems in MRD



Focus: cooperatives participating in **1 Million Ha program for high quality rice and low emissions in MRD (1M5R):**

- 1) Must use certified seeds, 2) Reducing seed amount, 3) Reducing amount of water used, 4) Reducing fertilizers, 5) Reducing pesticides and herbicides, and 6) Reducing post-harvest losses

5. Assumptions

- Implementation of **AE practice is an effective approach to increase resilience**, reducing impacts of climate change and to enhance environmental sustainability
- Scaling AE practices is complex, but **incentives, business models, digital tools, multi-stakeholder platforms** are critical in helping farmers and cooperatives to make informed decisions