

# Unpacking incentives and capacities: factors affecting actor behaviour change

Dr. Jake Lomax  
Dr. Rachel Shah  
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Springfield Centre  
4 Saddler Street, Durham  
DH1 3NP, United Kingdom

+44 (0)191 383 1212  
[global@springfieldcentre.com](mailto:global@springfieldcentre.com)  
[springfieldcentre.com](http://springfieldcentre.com)



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## 1. INTRODUCTION

The goal of Market Systems Development (MSD) programmes is to change systems so that they work better for poor, or otherwise disadvantaged, people. In practice, changing systems means changing the behaviour of people and organisations – market actors – within those systems.

To achieve this, MSD guidance encourages practitioners to analyse the incentives and capacities of different market players. If change is in a firm, government or individual's own interest and abilities, it is more likely to last beyond the timeframe of the programme's support, as well as to spread to other actors with similar incentives and capacities, thus achieving MSD's dual aim of sustainability and scale.

Analysing stakeholder incentives and capacities enables programmes to:

- understand why the system currently operates as it does
- develop a realistic vision for change that will be sustainable and spread to scale
- identify specific partners who could have the incentives and capacity to stimulate that change
- decide what kind of support to offer those partners to catalyse behaviour change

The 'will-skill' framework<sup>1</sup> has proved useful in this process, particularly for the latter two tasks of identifying partners and determining appropriate offers of support. However, its use over the last decade has highlighted several areas in which further guidance is needed. For example, MSD practitioners often overlook important incentives and capacities, focusing too much on financial factors and paying too little attention to factors like risk, familiarity or social cost. In-depth guidance on what 'incentives' and 'capacities' are and how they, in turn, enable or constrain behaviour change, is currently lacking in MSD frameworks.

Furthermore, as the 'will-skill' framework is intended for use with potential programme partners, MSD practitioners sometimes forget to analyse the desired behaviour changes their intended beneficiaries and any intermediaries may need to adopt. A detailed analysis of the blockers to behaviour change at every level of the strategic framework is important.

This paper addresses these gaps by breaking down incentives and capacities in greater detail. It then presents a tool – Actor Behaviour Change (ABC) Factors – which links actors' resources and priorities to the characteristics of a behaviour change that the programme wants to stimulate, and which can be applied to any actor (partners, intermediaries or beneficiaries).

## 2. WHAT ARE INCENTIVES AND CAPACITIES?

To change behaviour, it is necessary to understand what causes behaviour in the first place. This simple fact has led to the proliferation of models of behaviour, which identify factors presumed to

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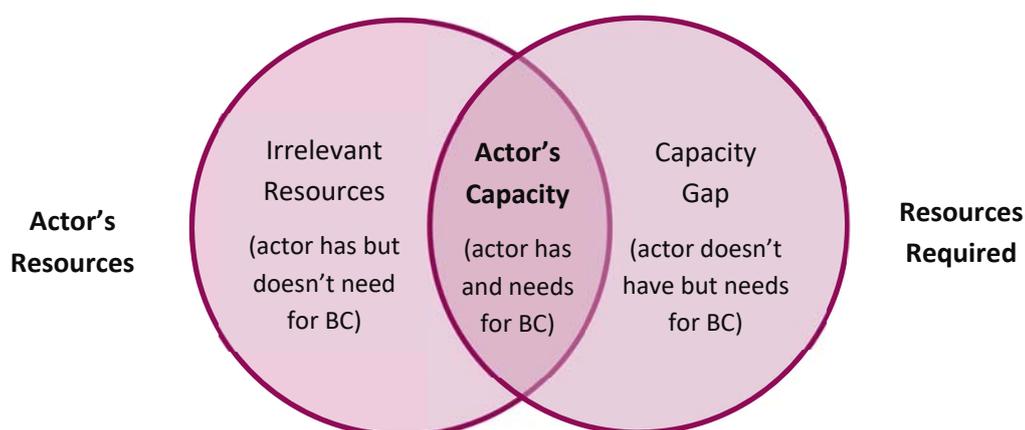
<sup>1</sup> The Springfield Centre, *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, 2nd Edition, 2014, 24, <https://doi.org/10.1007/s007690000247>

determine behaviour, such as beliefs, motivation, or skills. Although MSD guidance doesn't present a theoretical model of behaviour, it argues that if you can change incentives and capacities, you can change an actor's behaviour, echoing much of the more theoretical literature.<sup>2</sup> However, beyond examples from case studies, there is little guidance on what factors make up incentives and capacities, or on how to change those factors and measure the effects.<sup>3</sup>

In the absence of such guidance, it is common for the analysis of incentives and capacities to focus either on the actor's resources and priorities ("What matters to this player? What resources do they have? How skilled are they?"), or to focus on a proposed behaviour change ("How much would it cost to do this? What are the benefits of doing this?"). In fact, incentives and capacities should take both the actor and the behaviour change into account<sup>4</sup>.

**Capacities** are a measure of the relationship between the resources an actor has (or has access to) and the resources required for a behaviour change. In other words, they are the resources an actor both *has* and *needs* to adopt the behaviour change (see Figure 1). Importantly, capacity is not limited to finances; it accounts for all the physical, natural, labour and skills, social and political, and informational resources an actor might need to take an action (see Box 1). An isolated analysis of what resources a behaviour change requires (the 'cost' of the change) is not useful – it does not matter how much the behaviour change costs, so much as it matters whether or not the firm, family or farmer in question is able to pay. For example, if a programme wants a partner to start offering their services in a new geographical area, they don't just need to know what it would cost; they also need to know whether the firm has enough funds to pay for it. Similarly, an actor may appear to be resource-rich, but if they do not have the specific resources required to adopt the behaviour change, a capacity gap remains.

Figure 1: an analysis of capacities compares the resources an actor has (or has access to), to the resources required for a desired behaviour change



<sup>2</sup> This paper applies the 'Mechanisms of Social Change' actor-level model of behaviour change set out in Lomax (2018) to long-established guidance on MSD implementation (Springfield, 2014). Many other behaviour change frameworks exist across the social sciences, but it is beyond the scope of this paper to review the additionality of this tool in relation to each of them.

<sup>3</sup> This paper will provide guidance on the factors that make up incentives and capacities. For guidance on how to change those factors and measure the effects, see forthcoming papers by Lomax and Shah.

<sup>4</sup> Conversationally, both terms tend to be used to refer only to the actor, focusing on the actor's priorities, motivations and resources, without consideration of a behaviour change. However, in market systems development, it is critical to define the terms in a way that takes both the actor and the behaviour changes into account.

**Incentives** are also about the relationship between the actor and the desired behaviour change. If capacities are an analysis of the *requirements* of the behaviour change in relation to the resources an actor *has or can access*, it seems intuitive to assume that incentives are a measure of the *benefits* of a behaviour change in relation to the resources an actor *wants*. Just as with capacities, it is no good analysing benefits in isolation, because if an actor does not value or care about those benefits, they will have no incentive to pursue them. Similarly, what an actor values and is motivated by is irrelevant unless it relates to the behaviour change.

However, this characterisation of incentives is insufficient. Incentives are more complicated than capacities, because human motivation is not driven entirely by the prospect of benefits, financial or otherwise. For example, if a behaviour change seems complicated and unfamiliar, an actor may not take action, regardless of the benefits it may result in (see Figure 2). When analysing incentives, it is therefore important to consider both the potential benefits to an actor *and* additional factors that have been proven to affect behaviour change. Experience from MSD programmes suggests that in addition to benefits, there are four important categories of factors that affect actors' incentives which programmes should incorporate into their analysis. Section 4.2 lays these out in detail.

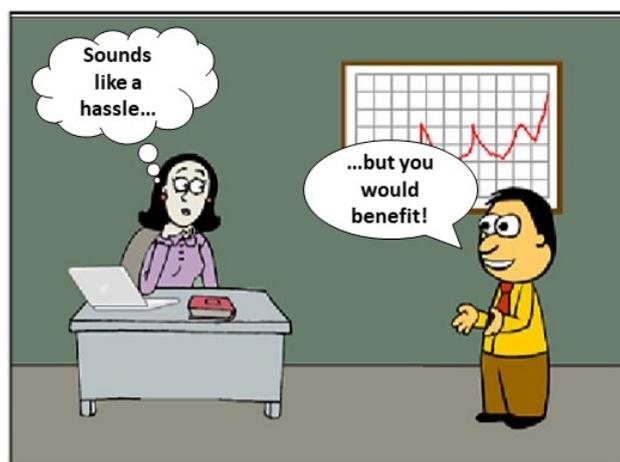


Figure 2: Don't make the mistake of reducing incentives to benefits

### 3. A BREAKDOWN OF CAPACITIES

Capacities are critical to behaviour change, because if an actor does not have – or have access to – the resources required to do the behaviour change, they cannot proceed, no matter how much they may want to. This is intuitive when analysing 'funds' or 'skills' but capacities are more multi-faceted than that, and it is important to consider the whole range of resources an actor may need to start changing their behaviour. These usually fall into one or more of six categories (see Box 1).<sup>5</sup>

<sup>5</sup> A breakdown of resources or 'capacities' is not new. For example, DFID's 'Sustainable Livelihoods' approach (Carney, 1998) is one of several that references five capitals: human, social, financial, physical (or manufactured) and natural. Here, following Lomax (2018), we have given 'information' its own category, as it is a critical and often underemphasised resource in MSD programming. Technically 'social' resources are a form of 'human' resources but we have made 'social and political' one category and 'labour and skills' another in order to disaggregate to the point that the tool is as useable and useful as possible.

Box 1: A breakdown of capacity in terms of resources – six factors to consider

An analysis of an actor's capacity is a comparison of the resources they have, or have access to, with the requirements of a behaviour change, in one or more of the following categories:

- **financial** – enough funds to cover the financial cost of the behaviour change
- **physical** – the inputs and fixed capital (such as machines, buildings and tools) needed for the behaviour change
- **natural** – the natural resources (such as land, water, soil and rainfall) needed for the behaviour change
- **labour (including skills)** – the human labour needed for the behaviour change. This includes having access to labour that has the time, the skills, and the physical, mental and emotional health required
- **social and political** – the social capital needed for the behaviour change. This includes having the connections, the trust, and the power and prestige to adopt the behaviour change
- **information** – the knowledge required for the behaviour change, including knowledge about the possibility of doing it as well as knowledge about how to do it

## 4. A BREAKDOWN OF INCENTIVES

Incentives are more complex than capacities, but a rigorous understanding of incentives is important because it is often hidden incentives that cause interventions to fail. Without really understanding incentives, it is difficult for programmes to design successful interventions, or to measure what went wrong when interventions fail.

### 4.1 Incentives in terms of benefits

The 'benefits' dimension of an actor's incentives is defined as all the benefits an actor expects to gain from a behaviour change, after taking into account of all the costs of the behaviour change, in one or more of six categories (see Box 2). Importantly, the concept of benefits includes avoidance of loss – protection of the status quo – as well as increases to the actor's resources.

Box 2: A breakdown of incentives in terms of benefits – six factors to consider

Benefits are the overall outcomes (in terms of quality, quantity, rate or timing) that a behaviour change is expected to have on the actor's resources, in one or more of the following categories:

- **financial incentives** – net financial benefits
- **physical incentives** – net benefits in terms of inputs or fixed capital (such as machines, buildings and tools)
- **natural incentives** – net benefits in terms of ownership, access, quality or sustainability of natural resources
- **labour incentives** – net benefits in terms of time savings, labour and effort (including transaction costs)
- **social and political incentives** – net benefits in terms of reputation, status, trust or other social factors (including cultural and religious factors)
- **information incentives** – net benefits in terms of knowledge

If any of the benefits are negative – i.e. net costs – then these represent a disincentive, and should also be taken into account.

The 'benefit' dimension of incentives is the one which programmes most commonly focus on in their analyses of incentives, perhaps conducting a 'cost-benefit analysis' or developing a 'business case' for a behaviour change. However, perhaps because it seems so intuitive, it is easy to miss important factors when analysing benefits. Five common mistakes to avoid are:

***Mistake 1: failing to account for costs when analysing potential benefits***

Here 'benefits' actually refers to net benefits, so the 'costs' of a behaviour change impact both the incentives and capacity of an actor and hence should be analysed in both contexts: under capacities ("Does the actor have what they need to make this change?") and under incentives ("Is the actor willing to pay these costs? How do these costs affect any potential benefits?").

In practice, costs can occur in any of the six incentive factors, and the factors are not discrete. Nonetheless, it can be helpful to think about whether one or more of the incentives may actually be negative. For example, someone may be unwilling to register their business formally if the process is particularly time consuming.

***Mistake 2: forgetting to express benefits and costs in terms which relate to the actor***

Benefits should relate a change to the actor. For instance, rather than saying there will be a USD1,000 increase in income through a given behaviour, we need to know if this is a 50% increase in monthly income for this actor, or a 0.5% increase in monthly income. This applies to non-financial costs and benefits too.

***Mistake 3: analysing benefits and costs of a behaviour change without accounting for all the other activities an actor does***

Related to mistake 2, an activity may be beneficial in its own right, but largely irrelevant in the context of the actor's other activities. For example, even if investing in better inputs for tomatoes

resulted in 200% yield increase, a maize farmer that only grows a few tomatoes for domestic consumption may not be interested, since those benefits are insignificant relative to her maize operations.

This is particularly important for financial benefits and when relevant, it is always wise to consider 'specific financial benefits' and 'overall financial benefits' separately.

***Mistake 4: highlighting financial benefits and failing to account for other costs and benefits***

Any of the six types of benefits and costs outlined in Box 2 can affect an actor's incentives. Focusing only on financial incentives usually results in inaccurate analysis. For example, for some actors political 'costs' outweigh potential financial benefits and disincentivise an actor from changing their behaviour.

***Mistake 5: treating benefits as the only type of incentive***

Although benefits are important, there are additional factors which affect actors' incentives (see Section 4.2). These can determine whether or not a behaviour change is adopted.

## 4.2 Additional factors which affect incentives

To accurately analyse incentives, it is critical to consider more than just what an actor may gain, or avoid losing, through a behaviour change (this has been well established both in the field of behaviour economics and through the hands-on experience of many a development professional).<sup>6</sup>

The six factors laid out in Box 2 above account for the outcomes of a behaviour change but they do not account for other parts of the cost-benefit equation – such as how likely and quickly outcomes will be realised, how an actor perceives the costs and benefits, and what their own priorities are. Experience from MSD programmes suggests that actors' incentives are often affected by eight additional factors, which we have set out in four categories below:

1. **risks and time** – even if an actor stands to benefit significantly from a behaviour change, incentives are affected by any risks to the benefits from external factors (such as weather, competitor's actions or other shocks) and by how long it will likely take to get those benefits.
2. **actor's perceptions of benefits** – evidence that adopting a behaviour change will benefit the actor is not enough to change incentives; the actor has to be convinced of the benefits for themselves.
3. **actor's perceptions of behaviour change** – even if an actor is sure that a behaviour change will benefit them, they are unlikely to adopt that behaviour change in the long term if they

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<sup>6</sup> Factors other than benefits that incentivise or – more commonly – disincentivise the adoption of behaviour changes have been studied by behavioural scientists in far more depth than we are able to present here. As the EAST framework accurately summarises, people are more likely to adopt behaviour changes that are 'Easy, Attractive, Social and Timely' (BIT, 2014). The factors we present incorporate these insights and adapt them to make them as useable as possible within MSD.

see it as being too much hassle, too difficult, or too uncomfortable (as illustrated in Figure 2, above).

4. **actor characteristics** – sometimes, regardless of the potential benefits, the nature of the actor themselves will enable or block a behaviour change. For example, new leadership in a firm with different individual priorities may present opportunities to initiate new behaviours.

Box 3 outlines factors to consider for each of these four categories of incentives.<sup>7</sup>

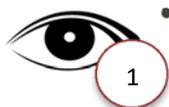
**Box 3: A breakdown of incentives beyond benefits – eight factors to consider**

For ‘risks and time’, factors to consider are:



- **time to benefit** – how long until the actor gets the benefit? Is this a long time for the actor?
- **risk to benefit** – what external risks to the expected benefits are there?

For ‘actor’s perceptions of benefits’, factors to consider are:



- **uncertainty** – how sure is the actor that the behaviour change will result in a benefit?
- **visibility** – will the behaviour change bring visible benefits? Can the behaviour change be tested without high upfront investments or risks, and if it can, will the outcomes be observable?

For ‘actor’s perceptions of behaviour change’, factors to consider are:



- **familiarity** – is this behaviour change close to what the actor already does, or what others do? Has anyone else adopted this behaviour change? If so, does the actor identify with them?
- **difficulty** – how hard is it for the actor to make the change? Consider: complexity, hassle, effort. Does the behaviour change make sense to the actor? Is there any support available?

For ‘actor characteristics’, factors to consider are:



- **actor preferences** – who is the actor and what are their preferences and priorities?
- **opportunity cost** – does the behaviour change divert resources from other opportunities the actor values?

<sup>7</sup> Note that in some frameworks (though not in EAST), different factors are outlined according to whether a desired behaviour change is targeting an individual or an organisation. However, to change the behaviour of an organisation, you have to change the behaviour of individuals, meaning even organisations do not always follow ‘rational’ economic principles and are affected by ‘EAST’ factors. We strongly encourage practitioners to consider the factors outlined in Section 4.2 for both organisations and individuals.

## 5. THE ACTOR BEHAVIOUR CHANGE FACTORS

The breakdown of incentives and capacities provided above gives a checklist of factors to consider which together make up an actor's incentives and capacities to adopt a behaviour change (see Figure 3; Annex 1 also provides a table showing the full list with definitions). Not all these factors will be relevant to every behaviour change; nor is the list exhaustive. Rather, it represents an indicative checklist of the factors which commonly drive people's behaviour. The specific factors which drive a particular behaviour can only be identified through context-specific research. Nonetheless, for most behaviour changes, the relevant factors will be a subset of the list given.

Figure 2: the Actor Behaviour Change (ABC) Factors

Capacities	Incentives	Factors Affecting Incentives
Financial	Financial	Risk to Benefit
Physical	Physical	Time to Benefit
Natural	Natural	Uncertainty
Labour & Skills	Labour & Skills	Visibility
Social & Political	Social & Political	Familiarity
Information	Information	Difficulty
		Actor Preferences
		Opportunity Cost

Despite its limitations, this checklist is powerful for two reasons. Firstly, it reminds programme staff to pay attention to frequently overlooked dimensions of capacities and incentives, thereby enabling them to identify the factors relevant to the root causes they are trying to change, and to predict and prevent unnecessary intervention failures.

Secondly, once relevant factors have been identified, each of them can be classified as a 'blocker' or 'enabler' of a given behaviour change for a particular actor. Factors that are unlikely to affect decisions significantly may be considered neutral. This enables

programmes staff to evaluate how 'easy' (in behaviour change terms) it will be for a given actor to change their behaviour in a specified way: enablers make behaviour change easier for that actor; blockers make it harder.

The more a behaviour change aligns with an actor's existing incentives and capacities, the easier it will be for them to adopt and sustain, and the more likely that it will be to spread to other actors with similar characteristics (this is sometimes called the 'Expand' phase of an intervention, or 'crowding in'). The purpose of identifying relevant ABC factors is not to encourage programmes to only initiate interventions that will 'easily' be adopted and disseminated; in MSD programmes, interventions should always address the root causes of the identified problem.

However, the ABC factors do provide important strategic information. If a programme realises that a proposed intervention is going to be difficult for the actor or type of actor they have identified,

ABC RATINGS
✓ enabler of behaviour change
○ neutral factor
✗ blocker of behaviour change

they can discuss whether it is possible to find another behaviour change that addresses the same root constraint, find another actor or type of actor who will be able to adopt the behaviour change more easily, or provide support to overcome the ‘blockers.’ Where there are multiple important ABC blockers, more support will be needed to achieve the behaviour change, which raises sustainability concerns.

## 6. THE ABC FACTORS TOOL

The ABC Factors Tool is simple. Each of the factors determined to be relevant is listed in a table, and is then rated as a ‘blocker,’ ‘enabler,’ or as ‘neutral’. An example of this which compares two potential interventions, taken from a forthcoming case study, is given in Figure 4.<sup>8</sup>

The steps for using this tool are straightforward:

1. **Identify the ABC factors** which are relevant to the specified behaviour change, using evidence from primary research and literature reviews.
2. **Use the ABC table** as a checklist to avoid missing likely factors
  - Ignore the factors which are not relevant to the behaviour change in question
  - Specify which aspect of a factor is relevant. For instance, ‘labour’ may be listed as ‘skills’.
  - Feel free to add more than one aspect of a factor if required. For instance, ‘skills’ and ‘employee time’ may both be relevant and if so, they should be listed separately, even though both fall under ‘labour’.
3. **Rate each listed factor** as a ‘blocker,’ ‘enabler’ or ‘neutral’ based on evidence from primary research and literature reviews.
4. **Interpret the results** by discussing what could be changed to make the behaviour change easier, the relative importance of each factor, whether blockers can be overcome, and how that might affect sustainability and scale.
5. **Keep it up to date!** Use this as a tool to capture understanding of market actors that develops through experiential learning.

Figure 4: ABC factors table comparing two behaviour changes

<b>Actor behaviour change: <u>Rural farmers</u> start using: (1) new breed; (2) commercial pig feed</b>		
<b>ABC FACTOR</b>	<b>Rating: 1. BREED</b>	<b>Rating: 2. FEED</b>
Financial – cost	✘	✓
Labour – skills/knowledge	✘	✓
Financial incentive (specific)	✓	✓
Labour incentive – time saving	○	✓
Risk to benefit	○	✓
Time to benefit	○	✓
Visibility of benefit	✓	✓
Familiarity of activity	✘	○
Uncertainty of benefit	○	○

<sup>8</sup> Table taken from Lomax (forthcoming)

## 7. ABC FACTORS AND MARKET SYSTEMS DEVELOPMENT

The ABC Factors Tool can be used at multiple stages of MSD programming. As Figure 5 shows, analysis of ABC factors complements existing MSD guidance on analysis of incentives and capacities.

Figure 5: Analysing ABC factors complements an analysis of incentives and capacities

<b>MSD Process</b>	<b>Analysing incentives and capacities enables programmes to...</b>	<b>Analysing ABC factors enables programmes to...</b>
<b>Diagnosis</b>	understand why the system currently operates as it does	<ul style="list-style-type: none"> <li>• identify specific factors that have prevented a solution from emerging in the market previously</li> <li>• uncover commonly hidden incentives and capacities</li> <li>• update diagnosis and record new learning as assumptions are tested with specificity</li> </ul>
<b>Vision</b>	develop a realistic vision for change that will be sustainable and spread to scale	<ul style="list-style-type: none"> <li>• design interventions at a strategic level by choosing behaviour changes, types of actors and types of support that will be sustainable and spread to scale because they are enabled by ABC factors</li> </ul>
<b>Facilitation: Intervention Logic</b>	inform intervention logic and initial development of intervention results chains	<ul style="list-style-type: none"> <li>• develop intervention logic that clearly identifies causal links between intervention activities, actors' behaviour changes, system change and (ultimately) impact on beneficiaries</li> <li>• map blockers of behaviour changes that need to be addressed at every level of intervention results chains</li> </ul>
<b>Facilitation: Partner Selection</b>	identify specific partners who could have the incentives and capacity to stimulate that change	<ul style="list-style-type: none"> <li>• identify partners who could have the incentives and capacity to stimulate that change with a greater level of specificity</li> <li>• compare partners who are broadly similar in terms of incentives and capacities</li> <li>• prepare for meetings with potential partners</li> </ul>

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<b>Facilitation: Partner Engagement</b>	decide what kind of support to offer those partners to catalyse behaviour change	<ul style="list-style-type: none"> <li>• identify exactly what kind of support is needed to overcome the ‘blockers’ to behaviour change</li> <li>• analyse whether the support needed will change behaviour sustainably</li> <li>• plan how to stimulate ‘crowding in’</li> <li>• analyse whether other actors will need similar support and whether that will affect getting to scale</li> </ul>
<hr/>		
<b>Measurement</b>	monitoring intervention performance in leveraging actor incentives and capacity to achieve sustained practice and system change	<ul style="list-style-type: none"> <li>• measure whether support overcame a blocker and if so, whether it stimulated behaviour change</li> <li>• test casual links developed in intervention logic, and iterate if needed</li> </ul>

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The ABC Factors Tool can also be applied to multiple actors within a programme’s strategic framework. The ‘will-skill’ tool is usually applied to potential partners, at the level of the function targeted for interventions, but to reach impact, it is not just programme’s partners who need to change their behaviour. Most MSD programmes predict that a partner’s behaviour change will cause intermediary actors to change their behaviour, which in turn will lead beneficiaries to change *their* behaviour in order to access the benefits that are now available within the system.

This logic is valid, but insufficient without an analysis of the incentives and capacities of intermediary actors and of beneficiaries. However, if programmes specify the full set of behaviour changes needed for an intervention to work, understanding ABC factors can help them to consider how easy those behaviour changes will be, how likely they are to be sustained and whether they are likely to spread beyond the influence of programme partners. For example, one programme in Indonesia partnered with feed companies to start selling a higher quality pig feed to retailers in their programme area. For the intervention to succeed, the feed company needed to promote and distribute their product in a new area, the local retailers needed to agree to stock the new pig feed, and the farmers needed to buy commercial pig feed. The programme needed to analyse incentives and capacities for behaviour change at each level.

Finally, analysis of ABC factors provides a foundation for more detailed guidance on how to translate an understanding of the current system (‘who does, who pays’) and a vision for a better working system (‘who will do, who will pay’) into a strategy for stimulating, and then measuring, sustainable, scalable behaviour change among the relevant actors.

## 8. CONCLUSION

Understanding incentives and capacities is critical to success in MSD programming, but there is little consensus in existing literature on what incentives and capacities are, and little guidance on how to break them down in order to leverage them for behaviour change. This paper has attempted to address this gap by presenting a way of analysing an actor's incentives and capacities more closely.

In reality, it is impossible to predict actors' likelihood of adopting an innovation with perfect accuracy and no framework will adequately capture all the nuanced and negotiated factors affecting an actor's decisions. The ABC factors do not offer a way to map an actor's choices as if they were entirely predictable or consistent, but rather a way of analysing where programme resources can most effectively be invested to stimulate behaviour change, thereby supporting the adoption, sustainability and scalability of innovations.

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## ANNEX 1: THE ABC FACTORS CHECKLIST

ABC FACTOR		DETAIL
<b>1. Capacity</b>		<b>At the time at which they are needed, does the actor have or have access to...</b>
i.	Financial	sufficient funds to cover the net financial cost of adopting the behaviour change
ii.	Physical	the inputs and fixed capital (machines, buildings, tools, etc.) needed to adopt the behaviour change
iii.	Natural	the natural resources (such as land, water, soil, rainfall, etc.) needed to adopt the behaviour change
iv.	Labour	the labour needed to adopt the behaviour change, including: <ul style="list-style-type: none"> <li>labour with the capacity in terms of time</li> <li>sufficiently skilled labour</li> <li>sufficiently physically, mentally and emotionally healthy labour</li> </ul>
v.	Social and political	the social capital needed to adopt the behaviour change, including: <ul style="list-style-type: none"> <li>relationships, linkages, contacts and connections</li> <li>goodwill, positive regard, trust and inclination of others to cooperate</li> <li>power, prestige, status and privilege – relative to that which is valued within the system</li> </ul>
vi	Input information	the knowledge required to adopt the behaviour change, including: <ul style="list-style-type: none"> <li>knowledge of the possibility of doing the action</li> <li>knowledge of how to do the action</li> </ul>
<b>2a. Incentives: net benefits</b>		<b>In terms which are meaningful to the actor, what is the advantage of the action, expressed as...</b>
i.	Financial incentives	net financial benefit as a proportion of existing income from: <ul style="list-style-type: none"> <li>this particular activity (e.g. growing tomatoes)</li> <li>all the actor's activities (e.g. all income generating activity)</li> </ul>
ii.	Physical incentives	net benefit in terms of inputs, or fixed capital
iii.	Natural incentives	net benefit in terms of ownership, access, quality or sustainability of natural resources
iv	Labour incentives	net benefit in time savings, including transaction costs; net benefit or cost in terms of labour/effort
v	Social and political incentives	net benefit in terms of reputation, status, trust or other social, factors (includes cultural and religious benefits and costs)
vi	Information incentives	net benefit in terms of knowledge

<b>2b. Incentives: risks and time</b>		
i.	Time to benefit	How long to wait until benefit is realised? Is this a long time for the actor?
ii.	Risk to benefit	Prospect of external factors affecting expected benefits, such as risk in weather/other shocks, competitor response, dependency on other actors.
<b>2c. Incentives: actor's perceptions of benefits</b>		
iii.	Uncertainty of benefit	How certain is the actor of a perceived benefit from the behaviour change (aside from the exogenous factors included in 'risk' above)?
iv.	Visibility of benefit	Are there signs that the behaviour change will bring visible benefit soon? Can the behaviour changes be tested without high upfront investments or risks? If so, will it lead to observable benefits?
<b>2d. Incentives: actor's perceptions of behaviour change</b>		
v.	Familiarity of behaviour change	Is this close to what the actor already does, or people/firms in the area already do? Are others adopting or modelling this behaviour change?
vi.	Difficulty of behaviour change	How hard is it for the actor to make the change? Behaviour changes that are viewed as simple and straightforward are more likely to be adopted and disseminated. Consider: <ul style="list-style-type: none"> <li>• complexity</li> <li>• hassle – the physical, mental and emotional effort, and the time taken to implement changes</li> <li>• how well the behaviour change is understood and makes sense to the actor</li> <li>• support – are systems, processes, technical advice or other mechanisms in place in the system to support the behaviour change?</li> </ul>
<b>2e. Incentives: actor characteristics</b>		
vii.	Actor preferences	Characteristics of the actor which affect incentives include: <ul style="list-style-type: none"> <li>• the compatibility of the behaviour change with the actor's self-image, values, morality and beliefs</li> <li>• the actor's attitude to risk</li> <li>• actor's individual priorities, including valuation of various resources</li> <li>• self-efficacy: actor's perceptions of their own capacity to do the behaviour change</li> </ul>
viii.	Opportunity cost	The extent to which the behaviour change diverts finance/time/other resources from other opportunities the actor values.