

Feb. 17, 2020

Working with the private sector for systemic change: why build a partnership facility in the first place?



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All blogs

A look at the partnership principles that informed how USAID/Mozambique's Feed the Future Agricultural Innovations activity designed its partnership facility.

How can a private-sector business and a donor-funded programme work together, day-to-day, to change the way a country's economic system works? The market systems development (MSD) school of thought holds that facilitation - temporary actions by a donor-funded programme to bring about system-level changes - is the best way to have a lasting impact. However, good facilitation depends on the donor-funded programme working with partners who have a permanent role in the market, and their incentives and institutional cultures are often quite different. Those differences can create practical barriers to the change we want.

When **FTF Inova** tackled this question, the team recognised that it wasn't realistic to try to change the way USAID exercises oversight or the way DAI Global implements - USAID's institutional culture has been growing and evolving for sixty years, and DAI's for nearly as long. But at the same time, we wanted our partnerships to:

- › Move at the partner's pace
- › Adapt according to their needs
- › Feature flexible planning, budgets, and timeframes
- › Amplify incentives for players in the market to be more inclusive and competitive
- › Be co-owned by us and the partner

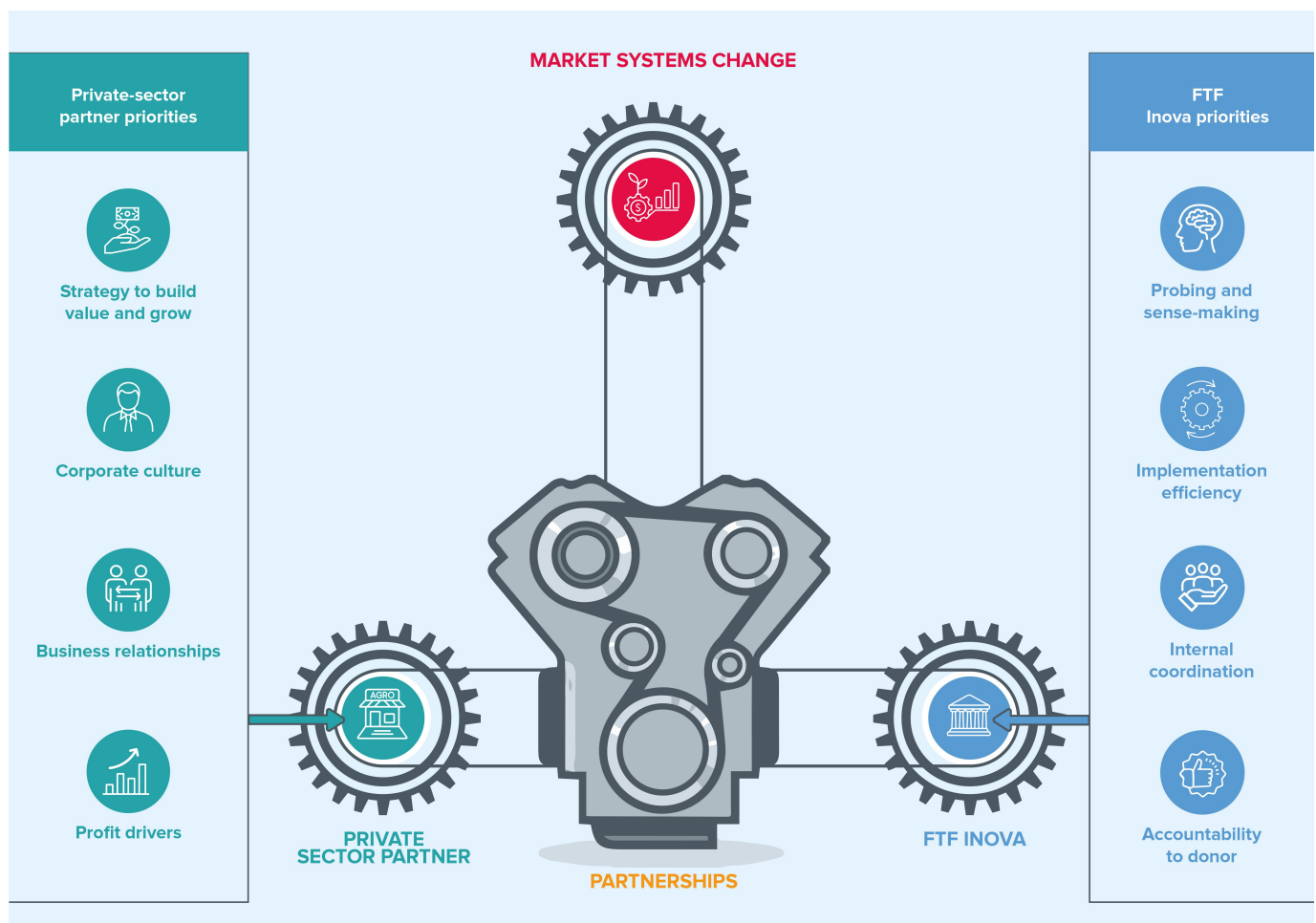
- Be grounded in Inova's **probe-sense-respond approach** to achieving change in a complex system

Expecting our partners to change how they do business to accommodate us was contrary to these principles. It wasn't realistic, either.

The FTF Inova partnership facility

Instead, we developed a facility to create partnerships in a neutral space, distinct from either our partners' or FTF Inova's operations policies and processes, but integrated with both. (By 'facility' we just mean a part of our project that doesn't have an agenda or outcomes of its own, but instead is meant to support other parts of the project, the same way that an M&E facility has the tools and staff to help programmatic areas understand where they are having impact and how they need to adjust, or a grants facility helps select and fund local organisations to accomplish the aims of project components.)

Our partnership facility organises partnerships that arbitrate between our partners' objectives and our own, becoming engines of innovation and sustainable change:



The goal of our partnership approach is to ensure that FTF Inova's role in the market system remains a temporary one - one that catalyses, disrupts, and realigns incentives, and then gets out of the way. The idea is that we can facilitate change by using partnerships the same way an engine takes in fuel and turns it into motion through pistons and gears, so we designed our partnership facility's clockwork to make sure our day-to-day work is in sync with our partners'. And, finally, the probe - sense - respond management approach that has become FTF Inova's centre of gravity keeps the whole machine pointed in the right direction.

Designing good partnerships

The reason we created an entire new facility within FTF Inova, wrote policies and procedures to govern it, built tools and templates to support it, and hired staff to manage it was so that we could make well-designed partnerships systematic. We built on the experience of past MSD projects, particularly [Bangladesh AVC](#), which introduced [adaptive agreements with market actors](#) to its grants programme to make it more flexible when it [adopted an MSD approach in 2015](#).

Our partnerships need to exist in a neutral space, like in the illustration above, between FTF Inova and the private-sector partner, instead of being owned by the project (like an annual workplan is). Co-ownership is essential because FTF Inova can only temporarily mimic market forces, and ceding some of our control to partners opens a space for co-creation - because we don't presume to know the right solutions from the beginning -and continuous self-selection effects - because we don't trust ourselves to know who the right partners are all the time ([read more about self-selection in this case study](#)).

Along the same lines, we wanted our partnerships to be as accessible to our partners as possible and reflect their institutional priorities. The material in the partnership documents has to be clear enough that partners can use them to understand what they have signed up for... and to hold us accountable for our commitments. Because MOUs and deal notes aren't in USAID's regulations, DAI's policies, or our partners' rule books, we write them however we need them to be. Therefore, they bridge the gap between us and the private sector (for example, talking about "customer segmentation" instead of "gender sensitivity" is more comprehensible and compelling to a private business, but often accomplishes the same thing), but without losing the technical language and operations compliance integrity a USAID-funded project needs to have in its official documents and reports.

We also needed our partnerships to serve as a technical and operational management anchor for our own team. Mainstreaming MEL, gender, and environmental compliance into the partnership design process makes our partnerships more holistic and helps us do MEL, gender, and environment compliance better because they are linked to our everyday work. Coordination

between technical and operations teams is a challenge on many donor-funded projects, but our partnerships give us an administrative platform for working together. Finally, we faced the dilemma of many MSD projects - that we wouldn't start to see our real impact until market actors started changing the way they do business. Partnerships are helping us show USAID the progress we are making towards results we might not be able to prove until year four or five of implementation.

We built our partnership facility with these principles and goals in mind, and by late 2018, the partnership facility was up and running.

Although our approach to facilitation implies some trade-offs, our experience with our partnership facility in the last year is that we've given up some control and ownership in exchange for a check against our own biases and a stronger commitment from the private sector.

This post is the first in a series originally posted on MarketLinks.org that explores how an integrated partnership facility can work as an interface between donor-funded programs and their private-sector partners, and how the partnerships that emerge can be an engine driving systemic change.

Please contact Dan_Langfitt@DAI.com and Luca_Crudeli@DAI.com for more information about FTF Inova and its partnership approach or to share your feedback.

Interested in this topic? You can read the rest of the series (and see examples of some of the partnership tools Inova uses) on MarketLinks:

2. [How Do We Do Partnerships in Practice?](#)
3. [What Has \(and Hasn't\) Our Partnership Facility Done for Us?](#)
4. [What can a Good Partnership Facility Do for an MSD Program?](#)