



# Catalyzing Localization Through Adaptive Partnerships:

Operational Guidance To Working With And Through Local Partners Across The Partnership Cycle

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# ABBREVIATIONS

AAR	After-Action Review
AMS	Awards Management Services
ANDE	Aspen Network of Development Entrepreneurs
APS	Annual Program Statement
CFA	Call for Application
CLA	Collaborating, Learning, and Adapting
COP	Chief of Party
CPFF	Cost-Plus-Fixed-Fee
EOI	Expression of Interest
FAA	Fixed-Amount Awards
FAS	Fixed-Amount Subawards
FFP	Firm-Fixed Price
GUC	Grants Under Contract
IKG	In-Kind Grants
MAUA	Market Actor Umbrella Agreement
MEL	Monitoring, Evaluation, and Learning
MOU	Memorandum of Understanding
NTE	Not-to-Exceed
PIRS	Performance Indicator Reference Sheet
PD	Program Description
RFA	Request for Application
RFP	Request for Proposal
SIG	Simplified Grant Agreement
SOO	Statement of Objectives
TLA	Technical Learning and Applications

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- Ricardo Pineda, Deputy Chief of Party

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## INTRODUCTION

We operate in complex environments with rapidly changing market contexts, shocks, stressors, and even dynamic and evolving political situations. Today, there is increasing focus on local partnerships as catalysts for sustainable and impactful change. To facilitate the transformational changes we seek through our systems approach, we need to be more adaptive in how we partner. That means developing relationships that are more responsive, collaborative, and learning oriented. It also means focusing on increasing capabilities to evolve and meet changing circumstances as well as business and global development goals.

Our market and food systems projects apply a facilitative approach, engaging with local actors to pursue large-scale change. We value a temporary role that catalyzes, disrupts, and realigns incentives, and then gets out of the way. To succeed, we tap into the demands, behaviors, and capacities of partners to use business and service models that achieve scale, become sustainable, and remain responsive to local communities. This approach requires a clear vision of systems change to guide interventions, and a monitoring, evaluation, and learning (MEL) system that supports informed adaptations.

In essence, our aim is to think like the private sector to become as agile and adaptive as our partners so that we can achieve the following:

- Move at the partner's pace, recognizing that different capacities, experience, and incentives already exist.
- Adapt based on partner capabilities and local context.
- Include more flexible planning, timeframes, and incentive-based milestones with possibilities for dropping, redesigning, or scaling a partnership based on a pilot period.
- Ensure development objectives and the paths to achieve them become iterative and can change over time.
- Amplify incentives for market actors to be more inclusive.

It is in this context that ACDI/VOCA's Technical Learning and Applications (TLA), Awards Management Services (AMS), and other departments have been on a journey to think through how we can better identify, design, and manage local partnerships. Our goal is to move from simply issuing grants to developing sustainable and impactful local partnerships.<sup>1</sup>

We organized this guide based on the following key elements within the partnership lifecycle: (1) linking analysis with partnership strategy; (2) partnership identification, engagement, and co-creation; (3) award mechanisms and partnership management, and; (4) fast-cycle learning with partners. We developed this guidance to overcome real-life pain points our projects were experiencing and to capture collaboration and insights that allow adaptations to take place. We view this as an initial starting point to provide operational and technical guidance tailorable to a project's specific needs. We intend for this guide to be a living document updated over time with our shared learning and experience.

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<sup>1</sup> The term local partner in this context refers to subawardees, local resource partners, and grantees. This includes both public and private sector.



# CATALYZING LOCALIZATION THROUGH ADAPTIVE PARTNERSHIPS

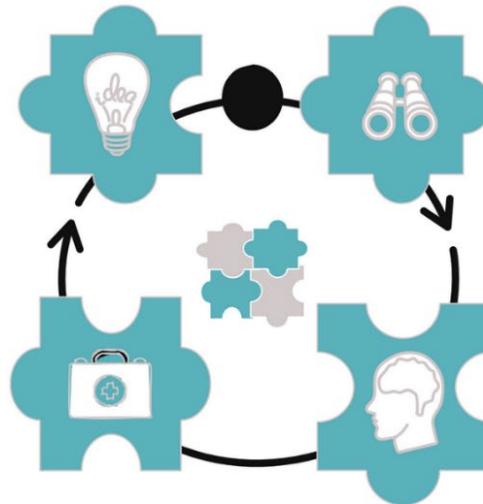
## FOUR PHASES OF THE PROCESS & KEY FOCUS OF EACH PHASE

### PHASE 4 - MEASURE & LEARN

Learn at the speed of our partners to ensure rapid feedback loops drive partnership performance, decision making, and necessary adaptation.

### PHASE 3 - RESPOND & ADAPT: INVESTING IN THE HEALTH OF A PARTNERSHIP

Invest in relationships with partners to set the tone, focus, and health of the partnerships to result in more effective and adaptive partnerships.



### PHASE 1 - UNDERSTAND THE OPPORTUNITY

Develop practical systems change guidance that teams can use to continuously identify and design effective local partnerships.

### PHASE 2 - COLLABORATE ON THE SOLUTION

#### A. PROCESS & OUTREACH: PARTNERSHIP ID & ENGAGEMENT

Identify and engage partners early, often, and in more adaptive ways to create trust-based relationships to increase the likelihood of success.

#### B. CO-CREATION & CO-DESIGN

Utilize co-creation and co-design processes with partners, allowing flexibility, opportunities to identify and refine solutions, and to build the business case to address complex challenges.

#### C. AWARD INSTRUMENT

Work iteratively and at the speed of our partners through more adaptive and flexible award instruments.

## PHASE #1: UNDERSTAND THE OPPORTUNITY

### SYSTEMS CHANGE VISION/INTERVENTION STRATEGY:

A clear vision for systems change is critical to identifying the right partners and designing transformational interventions together. However, this often does not happen due to a lack of clarity and poor signaling to system actors. This results in transactional or “one-off” partnerships, rather than more transformational partnerships guided by a coherent vision for systems change. Projects also face internal and external pressure to achieve donor-mandated results, and transformational partnerships can take longer to develop and boast harder to predict and control outcomes. Recognizing that the inception phase and early stages of implementation are critical to partnership engagement, the below guidance provides strategies and tactics for ensuring systems change strategy guides partnership identification and design in practical and adaptable ways.

## MYTH BUSTERS

**Myth 1:** Systems change strategies are set at the beginning of a project and don't change.

**Reality:** While the key objective or outcomes of a project remain fixed, systems change strategies are “living” documents that should be constantly assessed and adapted to the context on the ground. They are changing and evolving as we learn things about the system. This can be a result of our interventions, or simply observing and monitoring other changes driven by external factors.

**Myth 2:** Only the MEL team is responsible for monitoring systems change.

**Reality:** The strategy is only useful if it's jointly understood and there is joint ownership for updating the systems change strategy based on our internal learning systems that collect and analyze information from staff, partners, and stakeholders.

**Myth 3:** Our success is primarily measured in how efficiently we spend grants according to the plans laid out in our budget and annual plan.

**Reality:** Our ultimate objective should always be sustainable and broad scale change that shifts market actors' behavior to adopt win-win business strategies that continue benefiting target groups after our project support ends. In reality, we may face various pressures related to spending money and pursuing short-term less sustainable results. This is a management challenge that needs to be continually managed by the COP and USAID. We should avoid spending money for its own sake – even if there is pressure to do so.



## STRATEGIES, TOOLS & RESOURCES

1. **Negotiate a better sequenced approach to the inception of a project** that downplays a detailed work plan in favor of clear milestones that allow for a more iterative approach. It should look something like this:
  - a. Prioritize inception phase research and systems change strategy development needed to close gaps in information. Fast track partnerships in lieu of highly detailed activities and budget commitments that create extra pressure during a stressful time.
  - b. Spend time developing a lean inception phase analysis in coordination with project teams. Meet with partners to learn about the opportunities and constraints in the market or food system.
  - c. Spend more effort during the proposal capture and preparatory phases identifying and co-designing initiatives with strategic partners that can be prioritized and fast-tracked during inception.
  - d. Involve implementing partners in the inception planning and implementation with USAID and build in realistic expectations for Year 1.

- e. Incorporate a [rapid partnership landscape analysis](#) during inception to identify actors and their incentives and behaviors related to the vision.

**2. Craft a simple, clear statement of the change strategy** the project team is trying to apply. ACDI/VOCA's [systems diagnostic](#) is a helpful methodology designed to help make sense of how systems function and how to identify leverage points for creating broader systems change. A sound system change strategy should be tailored to the needs of the project and should be evaluated and measurable against.

- a. Examples: The Feed the Future Ghana Market Systems and Resilience Activity, funded by USAID and implemented by ACDI/VOCA, uses a [systems change template](#). The Big Small Business Project in Serbia, funded by USAID and implemented by ACDI/VOCA, uses a similar [pathways for change strategy framework](#).

**3. Call for partnerships** based on this strategy and target those with the most feasibility for creating those changes.

Example: The Market Driven Rural Development Activity in Tajikistan, funded by USAID and implemented by ACDI/VOCA, [use a simple table](#) to show which constraints to address in each sector. This draws a clear line between the formative analysis, systems change strategy (vision), and desired type of partnerships (intervention ideas). An example of an Annual Program Statement aligned with the Activity's change strategy can be [found here](#).

**4. Develop a portfolio approach to partnerships and interventions.** Every project needs a wide array of partnerships with different characteristics.

**5. [Develop a practical way to inform systems change and partnership strategies](#)** that are driven by fast-cycle learning and regular pause and reflect session with partners. What's important is that we keep this process straightforward for the project team to follow and adapt as interventions change.

**Elements in a good statement of change strategy:**

- Clear vision and objectives for key changes in a system
- Articulate evaluable outcome statements describing who or what changed the system, when, and where.
- Rationale and need for the change.
- Desired objectives and/or outcome we believe those changes will result in
- Timelines and milestones. Project actions that a team and partners will take to:
  - Effect at least some of the proposed changes
  - Monitor their impact on desired objectives.
- Risk Management
- Learning to Measurement and Evaluation
- Flexibility and Adaptation

**A Portfolio Approach in Mozambique:**

The [Feed the Future Mozambique Resiliência Integrada na Nutrição e Agricultura \(RESINA\) Activity](#), funded by USAID and implemented by ACDI/VOCA, used a portfolio approach to assess and prioritize interventions based on

- potential for impact,
- urgency of services/products to be provided under the partnership,
- scale of proposed interventions, and
- contributions toward cost share and the Activity's broader goals.

- a. Strategy can be developed incrementally and does not need to be complete to inform the partnership process. Strategies will change and likely become more specific as we progress and understand where there is momentum for change. The strategic framework is useful for continually explaining to USAID the logic behind our interventions and our desire for more systemic interventions.
  - b. It's a two-way street. Systems change strategies influence partnerships and vice versa.
- **Strategy → Partnership:** Continual analysis of system gaps and leverage points should inform the types of partners we seek.
  - **Partnership → Strategy:** At the same time, partnerships inform us of constraints and the feasibility of change. Learning from failed partnerships helps us improve our strategies.

#### Integrating Rapid Learning in Mozambique

FTF INOVA worked with a national agriculture input distribution company to build a new retail distribution system in rural areas. Rapid learning was integrated throughout the design, beginning with visiting villages to see what products consumers wanted and whether they would be able to make purchase decisions on the spot. Then, the company analyzed potential route options, coming up with 9 commercial routes. Lastly, the company experimented with marketing options, ultimately developing an online application system for agrodealers to become drop points for the delivery of inputs for sale to rural customers.

## KEY ROLES AND FUNCTIONS

The presence of this icon represents who is playing a lead role at this stage.



<p><b>Leadership team:</b></p> 	<ul style="list-style-type: none"> <li>• Develop a culture of learning, experimentation, and vision.</li> <li>• Reinforce the importance of the systems change strategy, letting go of control and giving authority to teams to manage accountability.</li> <li>• Identify creative solutions to concerns around spending through fast track and streamlining procurement processes using grants extensions and renewals (when it makes programmatic sense) to invest in what proves effective.</li> </ul>
<p><b>Technical/sector team(s):</b></p> 	<ul style="list-style-type: none"> <li>• Define the systems strategy for their sector or project component.</li> <li>• Analyze constraints and opportunities and update systems change strategies through a discovery mindset.</li> <li>• Work closely with MEL to capture team and partner information in documents and use data to improve strategies and share feedback with broader teams, especially senior management and team leads.</li> </ul>
<p><b>Awards/grants team:</b></p>	<ul style="list-style-type: none"> <li>• Understand systems objectives and their implications for partnerships.</li> <li>• Position grants (and other forms of assistance through partnership funds) as a tool to achieve objectives but not the end goal.</li> </ul>
<p><b>MEL team:</b></p> 	<ul style="list-style-type: none"> <li>• Document systems change strategy and facilitate learning processes as opposed to trying to own the learning process. Give space for ambiguity at the outset.</li> <li>• Encourage teams to test hypotheses, help them interpret data, and challenge assumptions that do not align with the data.</li> <li>• Model how to update the intervention results chains based on learning.</li> </ul>

## SELF-ASSESSMENT QUESTIONS FOR PROJECT TEAMS:



- Do we have a clear strategy that outlines our vision for systems change? Have staff internalized this?
  - Are we considering multiple ways to achieve it?
  - Are we implementing a set of safe-to-fail experiments as an initial phase?
  - Are we collecting feedback to quickly pivot and adapt? Do we have mechanisms in place to invest more to scale what works?
- Does our team constantly update their understanding of the system?
  - When and how do teams share updates on their learning with each other?
  - Does the MEL team/system frequently update the systems strategy, Theory of Change (ToC), results chains?
- Can the systems strategy be clearly linked to particular interventions?
  - Are intervention results chains/causal logic shared jointly between MEL teams and sector teams?
- Is there flexibility to push back on 'spending' or short-term donor targets, and focus instead on maximizing impact in line with the systems strategy?



## PHASE #2: COLLABORATE ON THE SOLUTION

### 2A) PROCESS/OUTREACH: PARTNERSHIP IDENTIFICATION AND ENGAGEMENT

We need to identify partners before co-creation, but sometimes that does not happen. This is due to a lack of process and “myth” around partnering while remaining contractually compliant and the idea that well-developed concepts come from the most visible, well-resourced partners. These ideas are often held by donors, rather than commercially or locally driven. Ambiguity around how to identify less visible firms is a challenge. Lastly, solicitations are often too full of global development jargon for partners to respond effectively.

Partnership development should happen continually during co-creation and throughout implementation. (See Myth 1 above.) Below are practical tools and frameworks for doing so from ACDI/VOCA’s experiences. Please note that we are not evaluating different grant applicants against each other, but rather evaluating the quality and fitness of the concept to drive the change we want to see in the system.

## MYTH BUSTERS

**Myth 1:** Because of “procurement sensitivities,” ACDI/VOCA cannot discuss potential or planned programming with the private sector, which limits co-creation opportunities.

**Reality:** It is USAID policy and encourages implementing partners to engage and consult with external stakeholders, including the private sector, in market research and strategic planning and design to co-create solutions. This can occur formally or informally. For example, pre-proposal conferences are a good practice for consulting with stakeholders. Under assistance awards, ACDI/VOCA also has broad authority to co-create approaches with the private sector. Through Annual Program Statements (APSs), we can invite the private sector—and organizations committed to engaging commercial firms—to work with ACDI/VOCA to discuss our respective interests and objectives, determine how those interests align, and identify what we can address by working together. Broad Activity Announcements (BAAs) are also procurement tools that enable collaboration with the private sector.

**To ensure compliance with federal, USAID, and ACDI/VOCA rules, regulations, and policies, it is important to involve BDG during pre-award and the AMS department post-award throughout discussions with private sector partners.**



**Myth 2:** APS/EOI’s have to include detailed language on the Activity, as well as detailed areas for engagement.

**Reality:** Consider identifying the challenge rather than dictating the solutions and provide actors an opportunity to convene and collectively address the complex challenge. This can be done through a Blanket Activity Announcement.

**Myth 3:** Solicitations (e.g., APSs, RFPs, RFAs, etc.) can only happen after inception analysis is complete and the grants manual is approved.

**Reality:** A general BAA or other solicitation can be released at the beginning of implementation, even if the grants manual is not yet approved. Project teams should check with their AMS manager to confirm requirements before releasing a solicitation. This will allow teams to develop a pipeline of partners, particularly with fast-track partners noted in the proposal or program description.

**Myth 4:** MoU’s require formal USAID approval.

**Reality:** MoU’s are informal agreements between a development organization and the partner that signals the parties interest in pursuing a joint objective. Because it is not contractually binding, in most cases it does not need to be formally approved prior to signing, making it an ideal instrument to engage with local partners early on.

## STRATEGIES, TOOLS & RESOURCES

1. **Identify firms early and often to create a relationship that can potentially transform a market or food system.** Think like the private sector by understanding their interests and risk appetite. The trick is not to inundate partners with requests for information but to listen to them. Our role is to listen and add value through our networks, knowledge of market and food system trends and technologies, and alignment with broader systems change strategy objectives.
  - a. **Engage with firms we have pre-identified** in the proposal and develop memorandums of understanding (MOUs) to generate initial action. Alternatively, conduct pre-solicitation/pre-proposal conferences to identify the interests of the private sector actors and incorporate consultations with the private sector or other stakeholders.
  - b. **Involve staff from regional offices**, as they are important sources of knowledge for identifying potential local partners. This also creates greater buy-in.
  - c. **Do innovative outreach** to local actors, such as technical groups, associations, and other networks, to get perspective on what outcomes to prioritize, how to hold larger local actors accountable, and how to measure and evaluate success going forward. For example, the USAID Transforming Market Systems Activity in Honduras, implemented by ACDI/VOCA, identified a few diverse mechanisms for local partner engagement, as shown in the chart below.<sup>2</sup>

The USAID Transforming Market Systems Activity's Partnership Mechanisms		
 Learning Forums	 Leadership Team	 Referrals and Word of Mouth
Hosting industry forums to share research and evidence is an effective way to network and identify first-movers seeking new information.	Staff have experience in relevant industries and know the political landscape to build trust and engage with diverse actors.	Networking and word of mouth from existing partners help to find new local partners to work with.
The Activity partnered with the Aspen Network of Development Entrepreneurs (ANDE) to map the entrepreneurial ecosystem and then used the learning forum to share results and engage local providers as part of an acceleration program.	The Activity hired its entire program team leadership as local Honduran professionals who are leaders within their fields. The local team's connections have allowed the Activity to serve as a credible convener in systems and forge partnerships with diverse partners.	The Activity has found these referrals lead to the best partners, as they have seen how you work and are motivated to address similar needs. For example, the Activity's partnership with a food processor led to an alliance with a snack manufacturer and a regulatory agency to test new varieties.

- d. Be strategic in what you communicate. While you cannot make an unauthorized commitment to work with them or provide a grant, you can discuss the following:
  - What are the key business challenges the company/sector faces? What are you most worried about? How would you solve these challenges?

<sup>2</sup> The USAID Transforming Market Systems Activity in Honduras Partnership Report Learning: Task Order 1.

- What are the company’s growth objectives? Where do you hope to see the company in five years? What challenges do you see in the country that may make this difficult? What would make it easier?
  - Note: Avoid the risk that a market actor has a competitive advantage because they were provided information others applying for assistance were not. We recommend having workshops or pre-proposal conferences instead of one-on-one discussions. Information can also be gathered using simple surveys.
- e. Capture incentives and alignment for engagement that inform a portfolio approach through the [private sector engagement landscape template](#).
  - f. Understand there are many ways to engage with local partners to produce impact beyond direct outcomes. This should increase the breadth and depth of partners and their ideas. This might include: (1) developing sustainable supply chain development models, (2) testing and scaling innovative solutions through joint research, (3) applying blended finance and de-risking, (4) promoting more inclusive business models, and (5) facilitating and developing multi-stakeholder initiatives to address complex challenges.

## 2. Develop the mechanism for engagement.

- a. **Consider innovative solicitation processes, such as challenges or prizes.** Open innovation or business competitions are good ways to identify and support local businesses that can have a development impact. Be less prescriptive while still meeting criteria for competitiveness. Write a Statement of Objectives (SOO), instead of a program description, when putting out a solicitation. Consider using a Solicitations or APS that focuses on broad development objectives, rather than a solicitation with a detailed scope of work, to encourage creativity, co-creation, and locally led solutions. Be sure to explain to USAID the reason behind our choice of solicitation processes, so that they are on board from the beginning. Engage the AMS department if there are disagreements over more innovative solicitation processes, such as solicitations using SOOs, Challenge Funds, or Pay for Results mechanisms.

Types of Solicitation Instruments and their Applications	
SOLICITATION INSTRUMENT	APPLICATION
<b>Requests for Proposals (RFPs)</b>	<ul style="list-style-type: none"> <li>- <b>Note: We don't use RFPs for grants/partnership fund solicitations.</b> RFPs are issued only for acquisitions (e.g., subcontracts, purchase orders).</li> <li>- Contracts may be awarded to any type of private organization or business.</li> <li>- Both for-profit and non-profit organizations may apply for contracts through RFPs.</li> </ul>
<b>Requests for Applications (RFAs)</b>	<ul style="list-style-type: none"> <li>- This type of solicitation is the most common for nongovernmental organizations (NGOs).</li> <li>- RFAs are used for grants and cooperative agreements.</li> <li>- The scope of an RFA may vary from specific activities to very broad terms.</li> <li>- The minimum period for receipt of applications is 30 days after the RFA is issued.</li> </ul>
<b>Calls for Applications (CFAs)</b>	<ul style="list-style-type: none"> <li>- CFAs are type of solicitation used for rolling applications (i.e., applications received throughout the year and reviewed in batches). We recommend teams use CFAs for rolling applications; however, RFAs can be used as well.</li> </ul>

<b>Annual Program Statements (APSs)</b>	<ul style="list-style-type: none"> <li>- APSs allow multiple awards over a period of time.</li> <li>- Funding is not through the APS, but rather the APS is released with an RFA or CFA. The APS is a program announcement, not an RFA.</li> <li>- Applicants are responding to the RFA/CFA or Expression of Interest, not the APS specifically.</li> <li>- ACDI/VOCA generally accepts and reviews applications on a rolling basis.</li> <li>- APSs encourage potential partners to propose innovative approaches to address a specific challenge.</li> </ul>
<b>Unsolicited Applications and Proposals</b>	<ul style="list-style-type: none"> <li>- Only in exceptional cases can the ACDI/VOCA fund unsolicited submissions. It must be for new, unique, and innovative activities that cannot be funded through competitive methods.</li> </ul>
<b>Best practices for developing PD's and SOO's across solicitation instruments includes the following:</b>	
<b>Program Description (PD)</b>	<ul style="list-style-type: none"> <li>- The PD delves into the specifics of project implementation or the "how."</li> <li>- It provides a detailed plan and roadmap for project execution, outlining specific tasks, deliverables, and performance expectations.</li> <li>- It serves as a contractual agreement, setting expectations, and establishing responsibilities for all parties involved.</li> </ul>
<b>Statement of Objective (SOO)</b>	<ul style="list-style-type: none"> <li>- In contrast, the SOO delves into the desired outcomes, goals, and objectives of a project or the "what."</li> <li>- It provides a broader, goal-oriented perspective, emphasizing the desired outcomes and allowing for flexibility in execution.</li> <li>- It invites partners to propose innovative approaches to meet the objectives, encouraging creativity and problem-solving.</li> </ul>

**b. Simplify processes as much as possible to reduce the burden on applicants.**

Understand that private sector partners are likely not familiar with ACDI/VOCA processes, jargon, and requirements.

- Make sure the partner understands the objectives of the project and development challenges we are trying to address.
- Shorten award decision-making periods when feasible. This can be done through quietly releasing solicitations, which can be renewed on an annual basis to quickly move forward with strategic partners. Or review applications on a quarterly or semi-annual basis and prioritize them based on their potential across key criteria.
- Provide opportunities for timely feedback and learning as a way to bring partners together. Allow unsuccessful offerors to improve future submissions.
- Consider meetings with potential partners to discuss concepts, enabling a conversation rather than just a submission. If parameters are set, processes are clearly communicated, and meetings are structured and consistent, then teams can avoid issues of competition and procurement sensitivity.

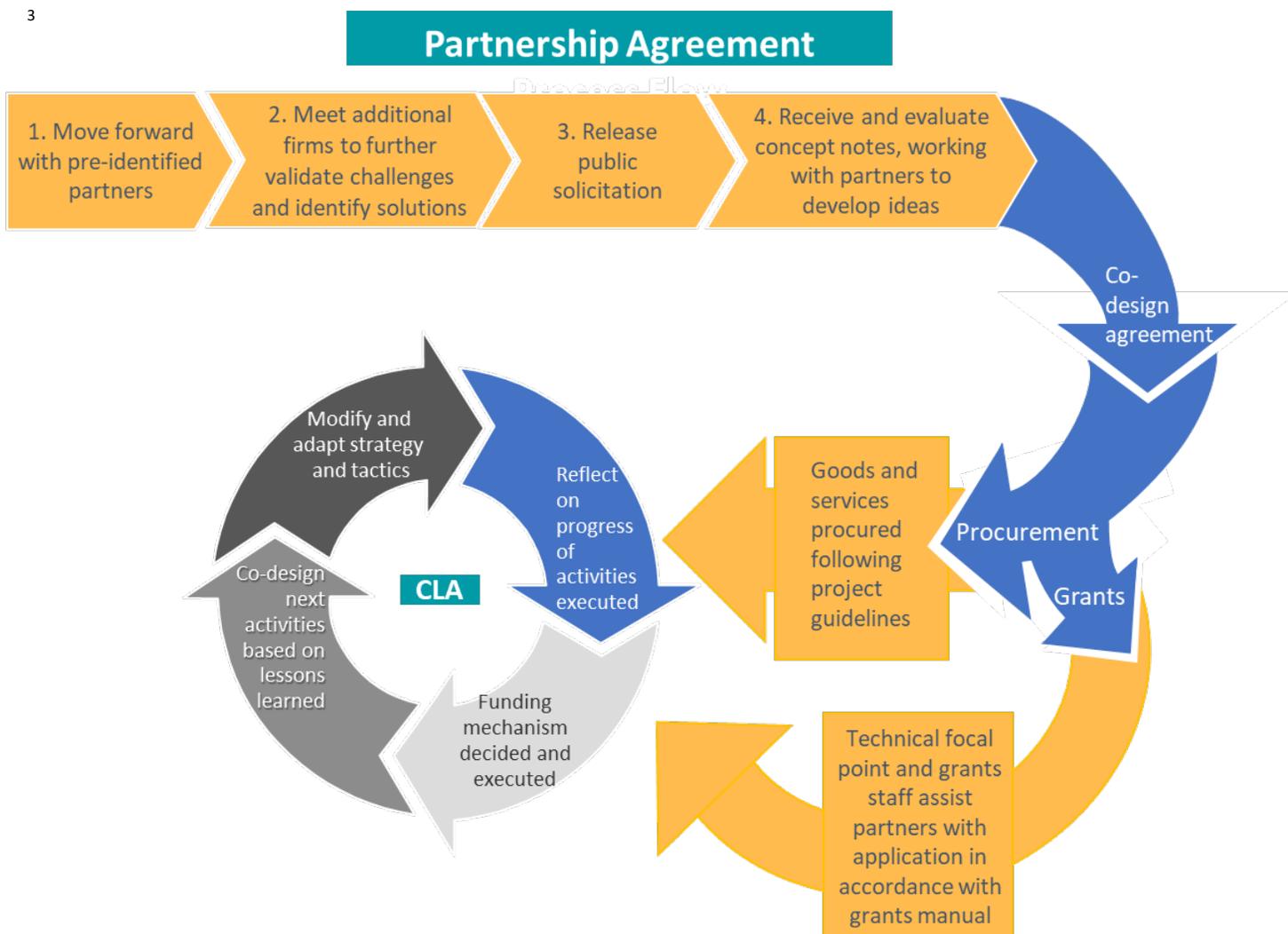
**c. Consider how you want to engage with partners after solicitation.** Consider different mechanisms for engagement, such as multi-day/multi-stakeholder workshops, one-on-one meetings, and asynchronous information exchange. The right fit depends on your project's goals and private sector preferences. Remote meetings with potential partners

and grouping applicants with similar concepts together can reduce the time and costs associated with the application process.

**3. Develop a process flow for the partnership agreement process.**

We recommend using a general flow chart in the grants manual and developing different process charts as part of the planning process. We don't want to have to send manuals back to USAID every time the team releases a new solicitation.

3



<sup>3</sup> This partnership agreement flow chart was developed by DAI as part of the Bangladesh Agricultural Value Chain (AVC) Program

## KEY ROLES AND FUNCTIONS:

<p><b>Leadership team:</b></p>	<ul style="list-style-type: none"> <li>• Participate in outreach events to promote partnership opportunities.</li> <li>• Encourage process adaptations to ensure projects have a pipeline of viable partners and ideas.</li> <li>• Message and reinforce the importance of technical/sector and awards/grants teams working closely together as equal partners.</li> <li>• Understand and communicate roles to project staff.</li> <li>• Explain solicitation processes to USAID.</li> </ul>
<p><b>Technical/sector team(s):</b></p> 	<ul style="list-style-type: none"> <li>• In collaboration with the grants team, take the lead in partner identification before and after the release of a solicitation. <i>Note: Please make sure you meet competition requirements while meeting with partners prior to the release of the solicitation by ensuring only publicly available information (i.e., project goals and objectives) is shared during the meeting.</i></li> <li>• Take the lead in engaging partners formally or informally, sensitizing partners to the concept and encouraging them to apply.</li> <li>• Co-design the solicitation with the awards/grants teams.</li> <li>• Work closely with the leadership/awards teams to pivot processes as needed.</li> </ul>
<p><b>Awards/grants team:</b></p> 	<ul style="list-style-type: none"> <li>• Assist with developing the solicitation.</li> <li>• Assist with promoting the opportunity.</li> <li>• Prepare team for co-creation processes.</li> </ul>
<p><b>MEL team:</b></p>	<ul style="list-style-type: none"> <li>• Actively participate in the design of the solicitation and promotional events.</li> </ul>

## SELF-ASSESSMENT QUESTIONS FOR PROJECT TEAMS:



- Are teams identifying the right partners to drive the systems changes they want to see?
- How do technical and field staff currently identify and engage with partners before co-creation?
  - What are the drivers or strategy for this identification, particularly with new and underutilized partners?
- What has worked best in terms of design of the APS/EOI - Identified leverage points and areas for change, or open ended to solicit new ideas and innovations in the market?
  - How has the language in the APS either resulted in many applications, or deterred partners from applying?
- How have teams promoted a solicitation and engaged partners as part of the EOI/APS (solicitation overview events, newspaper promotion, etc)?
- How have teams adapted processes as it related to initial partner engagement, or what adaptations do teams hope to soon make?



### 2B) CO-CREATION/CO-DESIGN:

Effective co-creation and co-design processes lead to more buy-in from local partners, better solutions, and even more investment. However, differences between co-creation and co-design, including when or why projects teams would apply them, are not always well understood. Additionally, co-creation processes are typically too long to engage local partners in innovative and impactful ways. Lastly, MEL approaches primarily inform project needs, rather than establish data collection and reporting based on business objectives. The guidance below presents the distinction between co-creation and co-design, and how it is an opportunity to refine ideas with partners.

## MYTH BUSTERS

**Myth 1:** The instrument I use is limited and can rarely change.

**Reality:** The solicitation instruments such as Broad Activity Announcements can result in different instruments with different partners depending on partner systems, capabilities, and partnership objectives.

**Myth 2:** There is only one way to co-create with a partner.

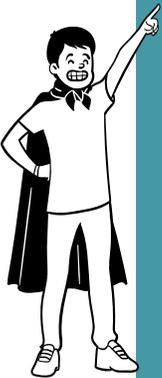
**Reality:** Co-creation may take many forms depending on its purpose and objectives. For instance, co-creation can be used to convene actors around a challenge and develop solutions, can happen virtually or in-person, live or asynchronously, and through a large multi-stakeholder event or single-stakeholder meetings.

**Myth 3:** Co-creation always results in a grant/award to a partner.

**Reality:** Through co-creating, we are constantly learning and right-sizing support to a particular actor. This may result in other forms of assistance, such as TA or linking partners to one another. It may also result in no immediate support, in cases where ideas need to be developed further.

**Myth 4:** The more people attending my co-creation, the better, right?

**Reality:** Co-creation is an opportunity to promote inclusivity and bring new voices into the discussion. Co-creation with too few participants could exclude critical voices (particularly from less vocal actors, often female, youth or other marginalized groups) from the process. However, too many participants could make it more challenging to facilitate meaningful dialogue. When determining whom to invite, focus on the primary outcomes you hope to achieve via co-creation, but remember that there are often valuable secondary outcomes, such as buy-in, trust, networking, rapport-building, and goodwill.



## STRATEGIES, TOOLS & RESOURCES

- 1. Language matters.** Before you start co-creation, ask does this problem lend itself to co-creation? Co-creation makes sense for adaptive problems (i.e., when there is no readily understood solution to a problem or shared understanding of the problem's root causes). Co-creation can shed light on the problem's true nature and generate solutions. Co-creation comes before negotiation.

Co-creation and co-design both involve the expertise of stakeholders. However, there are differences in who is involved and when. Co-creation is about identifying why things are not working by bringing a range of actors together. Stakeholders have an active role in the different phases of the design process. In co-design, stakeholders' ideas are known in advance and the design of an agreement is based largely on them. In contrast, co-creation seeks to encompass the entire design and negotiation process.

- 2. How do we move forward adaptively with partners?** By developing innovative co-creation guidance through the using SOOs in solicitations. Because we do not need co-creation for every partnership (or have enough time or resources), we should have other processes in mind to get from idea to partnership. A portfolio approach provides a mix of proven solutions and trusted partners.

Using a SOOs, co-creation can take place in many ways, as illustrated in the chart below. The focus should be on co-designing a scope, that outlines the business and development objectives the partners seek to achieve, while allowing for flexibility. Using SOOs in solicitations allows for promoting design to solution; it is simplified and easier to understand, allowing for more innovative ideas and truly co-created concepts.

- 3. Work with partners to refine ideas.** Co-creation is not just about providing funding, but also about bringing actors together to discuss challenges and ideas during the beginning of a project. The focus should be on working with partners to identify what the innovation could be, thereby helping partners identify potential solutions and adding value to their ideas. A few illustrative examples include the following:

- a. Co-creation workshops:** Bring together stakeholders to identify and uncover challenges that affect all participants.

- o Example:** The [Feed the Future Bangladesh Rice and Diversified Crops Activity](#), funded by USAID and implemented by ACDI/VOCA, engaged the financial sector and partners committed to expanding financial opportunities for agri-enterprises and smallholder farmers by holding a briefing. The team outlined opportunities and innovations, followed by a call for applications. [See the notice](#) that went out to select participants.

### Engaging Public Sector Partners:

- Validate and align approaches with government strategy.
- Engage through different forms of co-creation, such as research.
- Build connectivity between private and public sector.

**b. Intervention concepts to conduct research and pilot/experiment new solutions:**

Facilitate the co-design of a research effort with partners who have a vested interest in solving a complex issue. Access to the same information and collaboration at the research phase can break down barriers to competition and increase buy-in and ownership of the results, as was the case with the Market Driven Rural Development Activity’s efforts to co-design a crop insurance market research concept in Tajikistan. This ensured that firms were more likely to invest in crop insurance products and see the Activity as a real partner.

**c. Capacity-building support as part of co-**

**creation:** Use co-creation as an opportunity to build the capacity of one or multiple firms. The [USAID Transforming Market Systems Activity in Honduras](#) found engaging diverse perspectives revealed hidden assumptions and provided space to explore alternative solutions. For example, the Activity launched a “Regional Competitiveness Indices” in partnership with a local university and 12 chambers to prioritize policy reform agendas.

**Lessons Learned from Tajikistan:**

The [Market Driven Rural Development Activity](#), funded by USAID and implemented by ACDI/VOCA, developed steps to engage local actors early in the project’s research design and implementation. Below are the steps they took to engage market actors and consultants around the crop insurance study:

- Set up meetings with targeted insurance companies to assess the level of interest to be involved in a crop insurance study.
- Sign MoUs with them.
- Develop detailed SOW and select international research firms/consultants to carry out the research.
- Implement research and, based on the level of engagement from the partner, further develop the idea.

**4. Development of business indicators and targets:** Develop indicators and metrics for each partner based on their own business objectives. In the context of adaptive management, this is not about changing goals but rather creating pathways for achieving those goals. Indicators should be adapted to account for the core business. The way data is collected must be part of their own data collection systems. By being intentional about this process during co-creation, we can include MEL reporting with milestones to ensure accountability and create incentives for collecting and analyzing data.

Below are some best practices from the USAID Transforming Market Systems Activity in Honduras:

MEL Best Practices in Co-Creation	Checklist for Technical Liaisons Leading Co-Creation
Ensure the Activity and partner are aligned and committed to shared value impacts.	<ul style="list-style-type: none"> <li>✓ The overall objectives and principles of the Activity are shared with the partner and those of the partner with the Activity.</li> <li>✓ The priority indicators are agreed upon with the partner to understand the expected measure of success.</li> </ul>
Develop an initial plan and agreement on how project results will be measured.	<ul style="list-style-type: none"> <li>✓ An assessment is made of the partner’s ability to collect, manage, and analyze data and right-fit system is identified.</li> </ul>

	<ul style="list-style-type: none"> <li>✓ Funding is programmed as part of the award budget to support the role of partners in the MEL process.</li> </ul>
Discuss the theory of change and clarify any uncertainties or areas for learning.	<ul style="list-style-type: none"> <li>✓ The agreement should articulate a hypothesis for how activities are linked to outputs, outcomes, and results.</li> <li>✓ The main risks or uncertainties underlying this theory are discussed and joint learning priorities are determined.</li> </ul>
Include MEL reporting within the award milestones for mutual accountability.	<ul style="list-style-type: none"> <li>✓ The first milestone in the award should include the development of a MEL plan as part of the deliverables.</li> <li>✓ The award milestones at the end of each year should include the annual performance evaluation and reflection.</li> </ul>

**5. Other best practices in operationalizing the co-creation guidance above:**

- a. Fast-track immediate funding using above-the-line funding, such as consulting, stakeholder events, or training, to support a partner or developing an MOU, while ironing out the broader agreement.
- b. Map out the milestones, timing, and roles and responsibilities during the co-creation process.
- c. Establish staff coaching and training modules on co-creation (recording video sessions and evaluating performance afterwards) for staff who have never engaged in co-creation.
- d. Encourage Chiefs of Party and team leads to model good co-creation facilitation during Year 1.
- e. Influence and nudge companies to invest more, particularly in the beginning of a partnership, to ensure commitment.
- f. Keep a co-creation process journal that records key events and decisions from each co-creation meeting.

In Serbia, [the Big Small Business Project](#), funded by USAID and implemented by ACDI/VOCA, developed a co-creation diary to document processes and actions.

**KEY ROLES AND FUNCTIONS:**

<b>Leadership team:</b> 	<ul style="list-style-type: none"> <li>• Provide overall vision/support to co-creation, ensuring it is on time.</li> <li>• Participate in evaluation committees or co-creating ideas.</li> <li>• Reviews final PDs/partnership awards.</li> </ul>
<b>Technical/sector team(s):</b> 	<ul style="list-style-type: none"> <li>• Evaluate concepts against pre-determined criteria.</li> <li>• Lead co-creating with partners, refining and documenting ideas that will inform an agreement.</li> <li>• Assist applicants in developing/refining ideas.</li> <li>• Support development of pre-determined milestones/outcomes.</li> <li>• Provide feedback to partners and assist with capacity building or development of intervention concepts.</li> </ul>
<b>Awards/grants team:</b> 	<ul style="list-style-type: none"> <li>• Support development of processes for evaluation and co-creation.</li> <li>• Notify applicants of their status with regard to entering co-creation.</li> <li>• Assist with documenting processes and putting together grants packages.</li> </ul>

<b>MEL team:</b>	<ul style="list-style-type: none"> <li>• Support indicator development and metrics for each partner based on business objectives.</li> <li>• Support making the business case to partners for collecting and reporting on pre-determined data points.</li> <li>• Update the MEL system to account for linkages between partners and system change strategies.</li> <li>• Update MEL Performance Indicator Reference Sheets (PIRSs), dashboards, etc., with updated targets.</li> </ul>
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**SELF-ASSESSMENT QUESTIONS FOR PROJECT TEAMS:**



- Are teams identifying the right partners to drive the systems changes they want to see?
- Why are you co-creating? What are the intended and anticipated outcomes? What are the reasons you are motivated to use this approach?
- What is this for? What will the co-creation accomplish? Partnerships? New solutions? Collective approach?
- Who are the key stakeholders, and what are their responsibilities? Whose actions are you trying to incentivize?
- Will the timeline allow for proper preparation? Is there an ideal time to convene stakeholders? Do you need multiple engagements or just one event? Who provides guidance to teams on co-creation processes and tools (AMS/TLA/In-country resources/consultants)? How is this guidance adapted for project teams?
- How do teams internalize/operationalize the co-creation process?
- How do teams deal with the complexity and resource constraints associated with reviewing a large number of applications (evaluation committees) and having different streams of engagement and processes depending on the pace of the co-creation process (i.e., co-creation vs. intervention concept)? What would be most helpful in simplifying these processes?
- How is feedback/capacity building support provided to project teams as part of co-creation?
- How are we playing a facilitator role in strengthening partners' ideas, documenting processes, while also nudging them to achieve more?
- How do we continuously develop a pipeline of innovations and ideas?



## 2C) AWARD INSTRUMENT:

Selecting the right award instrument to reflect the partner’s capacity and nature of an intervention can lead to more impactful and adaptable partnerships. However, the inability to do so can result in more transactional partnerships that do not capture the right information or are too detailed, so that even minor changes require subaward/grant modifications. This produces short-term results rather than long-term relationships, resulting in missed opportunities to influence the system. When it comes to selecting an award mechanism, we have assistance instruments (grants and subawards) and acquisition instruments (subcontracts), as defined further below.

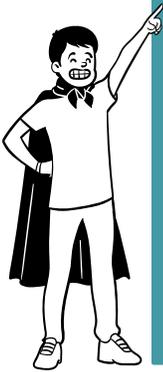
## MYTH BUSTERS:

**Myth 1:** Decision on award mechanisms should be driven by donor objective, not profile and capacity of the business and should never change.

**Reality:** Choice of instrument should be driven by nature of engagement, risk levels and capabilities of the partner. We can change agreements; however, this requires a formal modification of the award, therefore more flexible mechanisms described above should be used whenever possible.

**Myth 2:** Partnerships can’t be developed for several years.

**Reality:** While we can develop a multi-year partnership, in these cases we should use statement of objectives and not statements of work. This will give us flexibility to adapt our interventions to the changing needs.



**Myth 3:** Milestones should be related only on development outcomes rather than business objectives, as well as dictate the exact activities the partner needs to undertake to reach the desired outcome.

**Reality:** Milestones should focus on the desired outcome and whenever possible avoid describing exact pathways (activities) to achieve them.

## STRATEGIES, TOOLS & RESOURCES

### ASSISTANCE INSTRUMENTS

**Fixed-Amount Awards (FAAs):** These are grants or subawards under which ACIDI/VOCA provides a specified level of funding with payment based on the achievement of pre-determined milestones. They stress achieving programmatic outcomes, rather than inputs or “effort” of a grantee. The bulk of the work with fixed amount awards is at the outset, in carefully defining and pricing these milestones. A challenge is the need to have clear information about what it

will take to achieve milestones at the outset, even as conditions may change. There are, however, options to build in some flexibility as well as options for incentivizing performance of the awardee, as detailed in the table below:

Incrementally Funded	Modular	Phased	Renewable
<ul style="list-style-type: none"> <li>Funded at a percentage of estimated price</li> <li>Funding percentage increased if milestones are achieved faster or better</li> </ul>	<ul style="list-style-type: none"> <li>Separate sequences of FAAs are mapped out based on differentiating criteria, like geographic region</li> <li>Achievements under one FAA could unlock funding under a sequential FAA</li> </ul>	<ul style="list-style-type: none"> <li>Multiple phases under a specific scope are mapped out</li> <li>If phase one is successful, phase two is funded and so on</li> </ul>	<ul style="list-style-type: none"> <li>Criteria for renewing the FAA is established based on performance</li> <li>Possibility of continued funding serves as performance incentive</li> </ul>

A Market Actor Umbrella Agreement (MAUA) is a type of renewal award that can be the primary instrument with which FAAs, in-kind grants (IKGs), and even MOUs fall under. This will allow for more flexibility for the partner to innovate, will be nimbler and more flexible to adapt, and will produce the right incentives, which will further drive the right types of relationships.

MAUA is a grant instrument that allows projects to establish a high-level agreement with the partner organizations. It uses Statement of Objectives, as opposed to Statement of Work at the agreement level. This way, the development objectives and path to achieve them become iterative and can change over time. It identifies the “what” but not the “how.” Rather than explicitly determining specific technical approaches for subawardees to use, the scope focuses on the development challenge we are trying to address and establishes an estimated budget for the agreement.

The overall partnership under MAUA is broken into multiple phases, depending on the project needs and level of certainty. Each phase will be implemented through issuance of an FAA or IKG with detailed activities and budget. The next phase can be tied to the successful completion of the previous phase and/or lessons learned. For example, phase one can be a pilot activity to test new products or services. Depending on the success, phase two can be scaling this product or service and changing the direction (i.e., nature of the product or service). We recommend negotiating an MAUA throughout the life of the project from the beginning and adjusting the phases as needed.

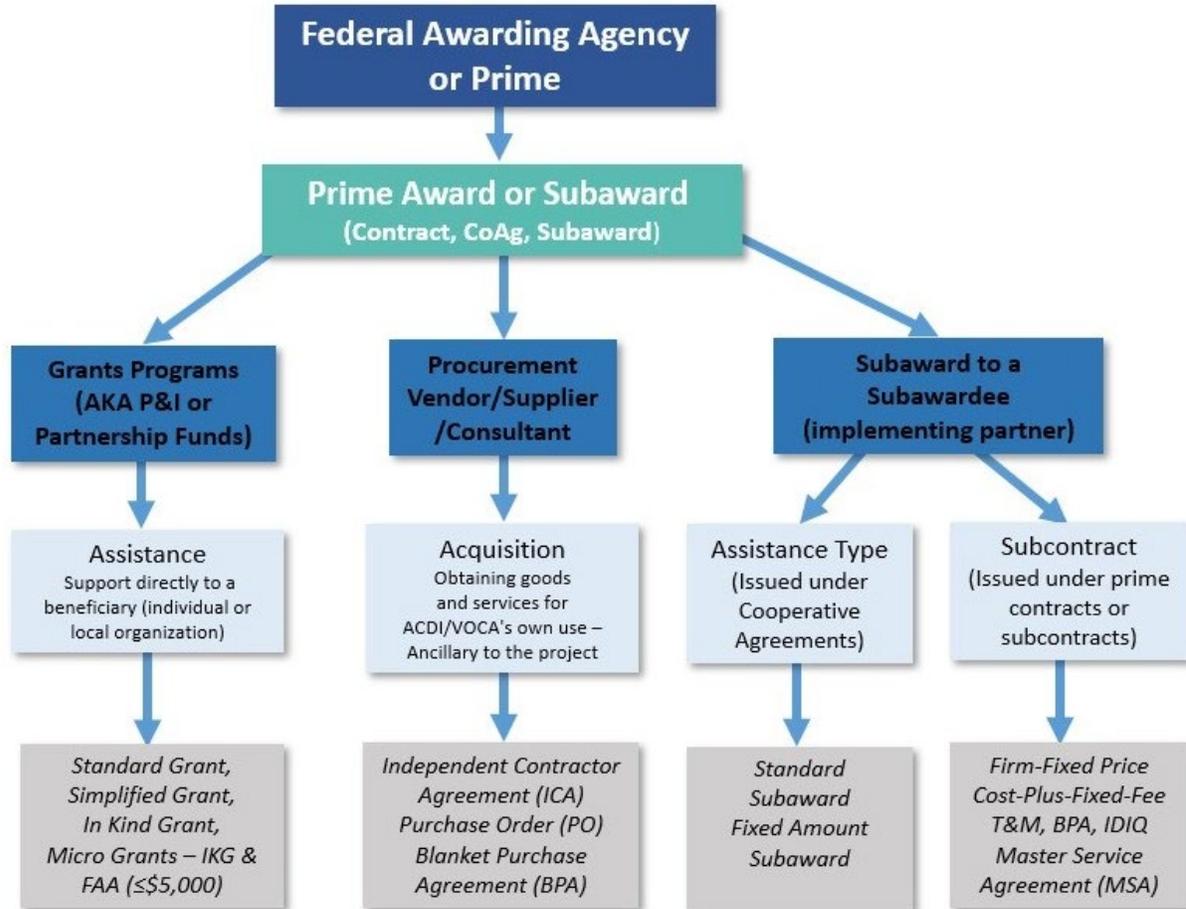
Examples:

- [Market Actor Umbrella Agreement Template and Example](#)
- [Milestone Development Guidance](#)

**ACQUISITION INSTRUMENTS**

Performance-based, fixed price contracts involve structuring the acquisition of services around the results to be achieved rather than how the work is to be performed (FAR 2.101). To be a suitable option, the scope of work, expected results, and acceptance criteria must be well-defined and priced with certainty. These types of contracts allow ACIDI/VOCA to structure

performance-based payments and progress payments to reward faster or better performance, while lowering the administrative burden for ACIDI/VOCA and the contractor and shifting the responsibility of cost effectiveness and efficiency to the subcontractor. (Note: subcontracts are used for subawards, or awards to implementing partners, and not under a grant instrument.)



Examples of when to include each of the assistance and acquisition instruments can be found below:

INSTRUMENT	CONDITIONS FOR USE	BENEFITS AND CONSIDERATIONS
<b>Fixed-Amount Subawards (FAS) &amp; Firm-Fixed Price (FFP) Subcontracts</b>	<p>Fixed-Amount (Fixed-Price) Awards are appropriate when the work performed or deliverables received can be priced with a reasonable degree of certainty and clearly defined. Adequate cost, historical pricing, or unit pricing data is available to establish reasonable estimates of actual cost to achieve milestones.</p> <p>FAAs can be used when a potential partner does not have sufficient policies and procedures in place to manage a cost reimbursable type award.</p>	<p><b>Less administrative burden:</b> By tying payments to achieving milestones instead of reimbursing costs, many administrative burdens in traditional cost-reimbursement grants can be reduced.</p> <p><b>Capacity development:</b> If an entity has limited or no previous direct experience, a fixed-amount award can help build capacity.</p> <p><b>Restricted commodities:</b> Detailed regulations on the purchase of restricted commodities do not apply to fixed-amount awards.</p> <p><b>Equipment:</b> Approval requirements only apply when the purchase of equipment is itself a deliverable or specifically named in a deliverable.</p>

		<p><b>Restricted commodities:</b> Approval requirements only apply when the purchase of the commodities is listed or in a milestone or deliverable.</p>
<p><b>Standard Subawards (STS) &amp; Cost-Plus-Fixed-Fee (CPFF) Subcontracts</b></p>	<p>Under cost reimbursable subawards, the subrecipient invoices ACDI/VOCA for expenses actually incurred in performing required activities and is reimbursed for those costs once the invoice is approved by the project team and accounting.</p> <p>STS and CPFF Subcontracts (issued under contracts) are appropriate when the deliverables are often theoretical or intangible or when subrecipient has the support systems in place to manage federal funds.</p>	<p>These agreements are used to pay for actual expenses incurred in the performance of the SOW or PD.</p> <p>Risk associated with this type of agreement is typically borne by ACDI/VOCA (prime), as there is no guarantee of an outcome or deliverable.</p> <p>Cost-reimbursable agreements include a detailed line item budget with a not-to-exceed (NTE) amount, which the grantee must follow closely, depending on the terms of the agreement.</p> <p>Expenses charged should be allowable, allocable, and reasonable; additionally, invoices should include sufficient detail for audit purposes.</p> <p>Backup documentation (i.e., timesheets, invoices, etc.) can be requested for up to 100 percent of claimed costs depending on the risk rating.</p> <p>With cost reimbursable agreements, any funds remaining at the end of the project cannot be collected by the subrecipient.</p> <p>Any advanced funds must be returned to ACDI/VOCA if there are no corresponding actual expenses.</p>
<p><b>Time and Materials (T&amp;M) Subcontract</b></p>	<p>Instead of including a fixed price for the entire project, a T&amp;M subcontract will include fixed hourly wages for all potential staff, plus the cost of materials.</p> <p>T&amp;M subcontracts are best when the scope of work cannot be fully determined before work begins.</p> <p>T&amp;M subcontracts should include a fixed hourly or daily rate for each labor category (or specific staff) that includes wages, overhead, general and administrative expenses, and fee.</p>	<p><b>Labor rates:</b> This should include hourly wages for subcontractor staff and second-tier subcontractors.</p> <p><b>Maximum labor hours:</b> To guard against runaway costs, a maximum number of labor hours can be specified. Any excess hours must be absorbed by the subcontractor.</p> <p><b>Materials markup:</b> The subcontractor will bill for the actual cost of materials (including freight), plus a specified markup, usually between 5 and 10 percent.</p> <p><b>T&amp;M NTE clause:</b> A ceiling should be included, so the subcontractor and ACDI/VOCA know the maximum cost of the project before work begins.</p> <p><b>Payment milestones:</b> To protect the subcontractor’s workflow, in some cases, agreed upon milestones for progress payments can be included.</p>

<p><b>Umbrella Agreement</b></p>	<p>An Umbrella Agreement is an instrument type that allows for the awarding of several Fixed Amount Awards (FAAs) or Simplified Grants (SIGs) under an umbrella type mechanism.</p> <p>The purpose of an umbrella agreement is to establish and agree on all terms and conditions that will be binding when individual FAAs/SIGs for required activities and/or results listed in the MAUA are issued.</p> <p>The intent is to streamline the co-creation process and eliminate the need for issuance of multiple, more complex, stand-alone grants.</p> <p>MAUA recipients cannot begin work or submit deliverables until a valid FAA or SIG is issued.</p>	<p>This agreement allows programmatic flexibility during implementation with a phased approach.</p> <p>It allows scalability and adaptability of the interventions based on the results of earlier phase.</p> <p>It allows for budgetary flexibility, as budgets are developed at the objective level during the MAUA and detailed budgets are developed during the issuance of FAAs for each phase.</p> <p>It allows for more sustainable and greater impact, as interventions are designed fit for purpose.</p>
<p><b>Customized or Hybrid Agreements</b></p>	<p>Customized or hybrid agreement templates can be developed for unique situations.</p> <p>Hybrid templates are combinations of existing templates.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• FAA with an in-kind element</li> <li>• In-kind grant with a simplified grant element</li> </ul> <p>Custom templates are new or revised templates developed for situations where our usual templates are not sufficient.</p> <p>Ask your AMS manager for assistance in creating customized or hybrid templates. (The AMS Managing Director must approve any custom templates.)</p> <p>Restrictions and requirements depend on the type of award and will be determined when the customized or hybrid template is developed.</p>	<p>The advantage of this agreement is that when existing templates are not suitable to the project needs, the AMS team can customize them to the needs of the project and context.</p>

**KEY ROLES AND FUNCTIONS:**

<p><b>Leadership team:</b></p>	<ul style="list-style-type: none"> <li>• Provide overall vision/support, ensuring agreements are well documented.</li> <li>• Review and submit draft agreements to AMS and then USAID.</li> <li>• Communicate early and often with USAID about the pipeline of partnerships and pending approvals to facilitate faster approvals.</li> <li>• Where necessary, lead modifications of agreements with technical and grants teams based on feedback.</li> </ul>
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<p><b>Technical/ sector team(s):</b></p> 	<ul style="list-style-type: none"> <li>• Work in coordination with awards/grants teams to develop an initial pilot included in the agreement.</li> <li>• Support development of pre-determined milestones/outcomes, incorporating Collaborating, Learning, and Adapting (CLA).</li> <li>• Work with the finance team to ensure a flexible and reasonable budget allocated to proposed activities.</li> </ul>
<p><b>Awards/grants team:</b></p> 	<ul style="list-style-type: none"> <li>• Advise on the award mechanism, including any operational guidance.</li> <li>• Review and provide internal approval of award packages.</li> <li>• Advise on modifications of awards as needed.</li> <li>• Bring the donor up to speed on new, innovative use of mechanisms, such as indefinite delivery contracts as MAUAs.</li> </ul>
<p><b>MEL team:</b></p>	<ul style="list-style-type: none"> <li>• Help identify shared value objectives around business and development goals.</li> <li>• Support the development of milestones.</li> <li>• Update MEL PIRs, dashboards, etc., with updated targets.</li> </ul>

**SELF-ASSESSMENT QUESTIONS FOR PROJECT TEAMS:**



- Are teams identifying the right partners to drive the systems changes they want to see?
- What is the goal/objective you are trying to achieve with a partner and does it match the right award instrument?
- Do our award mechanisms allow for needed flexibility and adaptation with partners?
- How does the partner learn from and adapt its approaches to get to the desired outcomes?
- What milestones can we include in the award that both hold partners accountable, as well as help them achieve desired goals?



## PHASE #3: RESPOND AND ADAPT: INVESTING IN THE HEALTH OF A PARTNERSHIP

There is [increasing evidence](#) that the right relationship significantly increases the likelihood of a successful partnership. However, it can be challenging to track the right metrics related to performance. This results in more transactional, short-term behavior and mindsets based on the delivery of progress versus targets. It also results in little consideration for the resources, behaviors, and relationship health factors that contribute to partnership success. Additionally, joint learning with partners used to adapt ideas does not always happen at a valuable pace or frequency and is often driven by the development partners, rather than private sector partners.

### MYTH BUSTERS

**Myth 1:** Project teams should only track partners' progress toward pre-determined milestones.

**Reality:** Progress toward milestones is only one determinant of a partner's success, and often not the best indicator of degree of success.

**Myth 3:** It is only the responsibility of the MEL or technical team to manage performance.

**Reality:** Managing the health of a partnership is everyone's responsibility. While the overall partnership health tracker may be managed by the M&E manager, technical leads, operations, and other staff play a vital role in ensuring the partner is focusing on the right things that will lead to desired outcomes. Learn from and fail fast with partners that don't deliver, while investing in relationship health with more strategic partners.



**Myth 2:** Project teams' perspectives on a partner's performance is all that matters, and that should be the focus of evaluation.

**Reality:** A true assessment of the health of the partnership needs to capture both project and partner perspectives. Where there is lack of alignment could reveal areas to probe further, especially for some of the core areas of partnership health such as trust and alignment.

**Myth 4:** Partnership performance is timebound and does not need to consistently be evaluated.

**Reality:** Constant engagement needs to happen. This can be in the form of quarterly, semi-annual, and annual pause and reflect sessions that build on the information gathered through the data collection process in the partnership health tool mentioned above.

## STRATEGIES, TOOLS & RESOURCES

While formal agreements describe the partnership focus, relationships determine how well activities will perform. Partnership management sets the tone, focus, and health of a partnership leading to effective collaboration and enhancing the ability of the partner to adapt. This can be done by (1) developing a partnership tracker indicating the stages of a partnership and other key information, and (2) rolling out and adopting the [partnership health tool](#). This tool can be tailored to the market context and include both behavior and system level indicators to more frequently track progress, which can be further examined.

**Core competencies** a relationship manager should demonstrate:

- **Communicator:** Become an active listener.
- **Relationship builder:** Connect actors with each other.
- **System analyst:** Stimulate ownership of an idea with the partner.
- **Coach:** Provide constructive and proactive feedback.
- **Innovator:** Work with a partner to develop and refine their idea.

**Capture early insights to inform adaptations:** Assessing the degree of alignment and shared value around a goal from the beginning is critical to developing the right partnership. This can be done through effective co-creation/co-design processes, as mentioned above. However, it also includes effective kickoff calls, monitoring visits, and an initial tracker.

**Measuring for partnership health:** The [partnership health tool](#) and associated metrics are designed to encourage regular reflection and adaptation to improve the health of partnerships as well as provide an early indication of whether a partner will reach the desired outcomes.

To capture the real picture of a partner’s performance, behavior, and relationship factors, a series of quarterly, six-month, and annual pause and reflect guidance has been developed with illustrative questions that can be asked based on your partnerships objectives.

The tool captures [17 indicators for assessing the health of a partnership](#). These indicators are captured below, disaggregated across the three categories. Note: the spreadsheet linked above also includes business and market Indicators to begin assessing indications that a partnership may be influencing a company’s business expansion, increases in sales, and inclusion of women or youth into their supply chain. The indicators should be customized.

Overview of Partnership Health Tool			
INDICATOR CATEGORIES	RESOURCES <i>time, money, effort invested in relationship</i>	BEHAVIORS <i>that contribute to relationship health</i>	RELATIONSHIP FACTORS <i>that determine the strength of relationships</i>
<b>INDICATORS</b>	<b>Responsiveness</b>	<b>Milestones progression</b>	Alignment
	Informal engagement	Openness	Commitment
	Formal engagement	<b>Staff transition readiness</b>	Trust
	Senior leader engagement	Competence	Unique value
	Connections	Integration: connections	
	Acceleration services	Integration: acceleration services	

	Leverage		
<b>DATA TRACKERS</b>	Quarterly partnership manager survey	Quarterly partnership manager survey	Six-month survey for partnership managers and partners
	Engagement tracker	Six-month survey for partnership managers and partners	
	Connections tracker		
	Acceleration tracker		

### KEY ROLES AND FUNCTIONS:

<b>Leadership team:</b>	<ul style="list-style-type: none"> <li>• Develop and manage the learning culture across a project team.</li> <li>• Invest time and resources to understand and exemplify how resources, behaviors, and relationship health factors drive partnership success.</li> </ul>
<b>Technical/sector team(s):</b> 	<ul style="list-style-type: none"> <li>• Manage direct relationships with partners.</li> <li>• Design and facilitate pause and reflect sessions internally and externally.</li> <li>• Lead partnership adaptations based on the degree of success.</li> </ul>
<b>MEL team:</b> 	<ul style="list-style-type: none"> <li>• Help develop and implement pause and reflect sessions.</li> <li>• Oversee the partnership relationship health tool in coordination with partnership managers.</li> <li>• Capture insights from pause and reflect sessions to inform portfolio and partnership adaptations.</li> </ul>

### SELF-ASSESSMENT QUESTIONS FOR PROJECT TEAMS:



- Why do we need to pause and reflect? Do we need to reflect internally, or also externally with our partners? What is the intended outcome?
- How frequently do we need to pause and reflect, both within the project cycle and during each year?
- What are the resources, behaviors, and relationship health factors that determine the success of a partner?
- How do these partner behaviors influence the broader system with which they operate? What should we be monitoring to account for potential systems level impacts?



## PHASE #4: MEASURE AND LEARN

An effective measurement and learning system at the partner level can inform how businesses successfully innovate, expand their customer/supplier base, and effectively involve women and youth. However, this often does not happen at the pace needed to keep up with new incentives, behaviors, and shifts in market conditions; it is often designed to inform the project rather than market actor learning. The guidance below is intended to help us develop learning systems to work at the speed our partners are operating, ensuring rapid feedback loops and learning that ultimately drive partnership performance, decision-making, and necessary adaptations at the portfolio and partnership level.



**TMS's experience showed that localizing learning and research requires programs to change:**

**WHO** decides the research questions

**HOW** research is conducted

**HOW** data is interpreted, and

**HOW** data is used for action.

### MYTH BUSTERS:

**Myth 1:** Partnerships end once all milestones are complete.

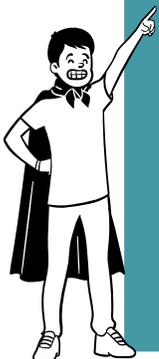
**Reality:** Through phasing our implementation based on performance over the life of the activity through an umbrella agreement, we can track and report on long-term impacts of our partnerships allowing us to achieve our USAID performance results with less effort.

**Myth 2:** Partnership learning should only be driven by the donor

**Reality:** Whether learning is project or partner led depends on the capacity, interest, and incentive of partners. As development practitioners, we want to introduce a simple process for helping companies understand what learning they should prioritize, while recognizing sometimes projects need to play more of a role in gathering and analyzing data.

**Myth 3:** Project-led research is the main source of learning.

**Reality:** Learning can and should be driven by our partners and joint research is one of the most powerful ways to do this.



**Myth 4:** We should only be developing partner-level learning.

**Reality:** If our goal is to amplify impact and results, we should be thinking about learning beyond one partner, but developing the capacity of a system to self-learn. This begins with creating the right incentives at an enterprise and system level, but also includes building trust and facilitating inclusive access to information.

To better inform learning with partners, we need to explore how they learn and what additional learning would be of greatest value. This should begin in the initial stages, such as in co-creation/co-design, with milestones developed to reflect the learning need. The focus should be on developing capacities and incentives for private sector companies to learn, recognizing that there may still be a role for projects to play in data collection and analysis. At the market actor level, development projects can strengthen demand for and capacity of private sector companies to learn and adapt through better understanding their **customer segment**. We can also **support data collection and analysis capacity** as well as introduce business model innovations. At the systems level, we can **enhance the learning performance of the system** itself by building trust and facilitating access to information as well as increasing feedback loops between market actors. Below is some practical guidance on each of these different learning processes:



### Must We Call It Learning?

The private sector learns to solve problems, make adjustments, or change course. However, they may not use the term “learning,” which can feel vague and like development-speak. Other phrases that may resonate better:

- Market Research
- Business Analytics and Intelligence
- Customer Insights
- User Experience (UX)
- A/B Testing
- Portfolio Reviews

## STRATEGIES, TOOLS & RESOURCES

Learning that uses lean and rapid methods to gather evidence and inform project and market actor decision making is essential to developing long-term learning capacities and interventions. These strategies aligns learning with a facilitation approach. This can lead to more transformational relationships, amplify results, and begin to improve how data informs adaptive decision making. Lean data is also cheaper and more easily adoptable, and iterative since you can gather data more frequently and adapt faster.

## IDENTIFICATION OF LEARNING PRIORITIES: DESIGNING WITH LEARNING IN MIND

Development projects and private companies may have the same learning goals in mind but call them something different. Regardless, approach each partnership as an opportunity to better understand the business and their learning priorities by asking questions they should be asking themselves.

To ensure learning is valued and driven by partners, we need to make sure we are focusing on what’s most important to them. One way of doing this is introducing a simple process for helping companies understand what learning they should prioritize. The three illustrative questions below can be asked. Based on the responses, project teams can develop a milestone within partnership agreements for helping the partner explore the prioritized learning:

1. How does your company currently learn, and how do you use this information to inform revenue forecasting, identification of new opportunities, and how to pursue those opportunities?

There is a spectrum of how we learn, including gathering data, analyzing data, and making decisions based on information acquired. Carrying out these steps may be informal, where its done by an entrepreneur based on personal experiences to more formal, where a firm may undertake customer satisfaction surveys. We need to understand where partners sit in this spectrum and adjust our approach.

2. What is the total cost of goods of your product or service? What influences this pricing?
3. Who is your target customer? What risks do you experience in reaching this customer segment (i.e., competitors, percentage of market share, projections of market share growth or loss)? What additional markets are you interested in entering, and what are the costs and requirements of entering those new markets?

Positioning and framing with partners is also extremely important. As development practitioners, we need to understand whether the learning gaps are a capacity issue or a value issue. How do you get someone curious to learn how your business is working? Regardless of the size of the firm, this can help inform where we support the partner's learning agenda, from collecting and analyzing new data to helping them analyze existing data.

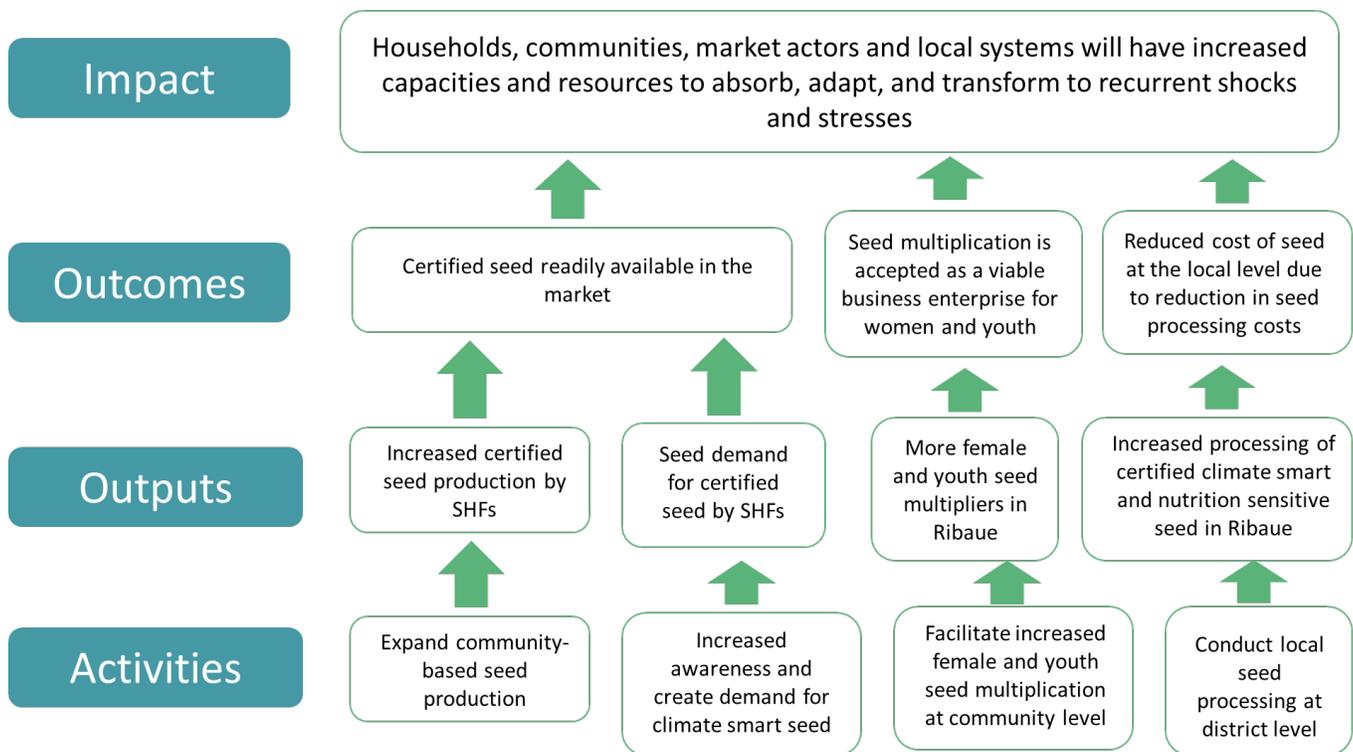
## INTEGRATION OF LEARNING INTO A PARTNERSHIP

1. **Set milestones.** Based on recent USAID guidance for shifting the focus of learning, learning can be integrated into the design of a partnership through specific milestones and how to collect and analyze information. This learning may start with a focus on customer centricity. (See the example below.) It can also be applied more broadly toward market opportunities (e.g., new product innovations) and other relevant business areas (e.g., climate change and the related need for evolving business models).

For example, if we wanted to include a sample milestone integrating customer insights into an agreement, we might include means of verification for a supplier insights survey, a methodology overview, and a survey final report, including implications for integrating the findings into the partners business model. This [example of a survey](#) illustrates how to help a company collect information. This guidance on proper milestone development also shows how integral it is to creating the right incentives.

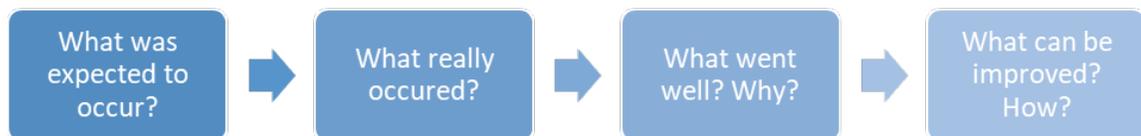
We can also enhance the learning of the system by generating systems-level performance data, enabling actors to collect, interpret, and act on data as well as build relationships and networks.

2. **Develop a results chain for each partnership.** To improve the capacity of the system to learn and innovate, we need to ensure the partnership creates the right incentives at the enterprise and system level and informs ongoing learning and adaptation. It also informs a broader portfolio approach, identifying areas of opportunity or where there are specific gaps. The example below from the Feed the Future Mozambique Resiliência Integrada na Nutrição e Agricultura (FTF RESINA) Activity maps the entire system of actors needed to improve the functionality of the certified seed system. It then develops individual results chains for each partner. Find [more information on results chains](#).



**3. Drive partnership alignment and performance through learning.** Through adaptive management, learning should be informing the adoption and driving the performance of our partners. However, the frequency with which we do this, and the boundaries of this learning need to be established both internally as a team and externally with our partners.

An [After-Action Review](#) (AAR) is a type of pause and reflect session and structured review process to capture the lessons learned from past successes and failures. It is an opportunity for a team to reflect on a project, activity, event, or task so that next time they can do better. Formal AAR meetings are normally run by a facilitator and focus on a purposely selected set of key issues or themes. This example shares [questions to facilitate a semi-annual pause and reflect](#) session. This example explores [partnership health pause and reflect sessions](#).



KEY ROLES AND FUNCTIONS:	
<b>Leadership team:</b>	<ul style="list-style-type: none"> <li>Create a culture of collaboration and learning among staff.</li> </ul>
<b>Technical/sector team(s):</b>	<ul style="list-style-type: none"> <li>Ensure proper development, integration, and application of learning among partners.</li> </ul>

	<ul style="list-style-type: none"> <li>• Manage learning across partnership portfolio and systems change strategies, including the development of a learning agenda.</li> <li>• Take the lead in developing the results chain.</li> </ul>
<b>Awards/grants team:</b>	<ul style="list-style-type: none"> <li>• Support the development of learning milestones.</li> </ul>
<b>MEL team:</b> 	<ul style="list-style-type: none"> <li>• Help develop and implement pause and reflect sessions.</li> <li>• Oversee the partnership relationship health tool.</li> <li>• Support the development of learning milestones and help capture and share learning across partnership portfolios.</li> <li>• Support the technical team with the development of the results chain.</li> <li>• In coordination with technical teams, develop and track progress towards learning questions.</li> </ul>

### SELF-ASSESSMENT QUESTIONS FOR PROJECT TEAMS:



- What are we hoping the learning will help us achieve or to do differently?
- What are the questions we need to ask our partners to help them prioritize and become incentivized to self-learn?
- How can we ensure the learning at the partner level is also impacting broader system level capacity and performance?
- How do we measure and hold partners accountable to the integration of findings from the learning process to make more informed adaptations
- How can the project create an environment for partner-led learning?



### OTHER RESOURCES:

[Practitioners Guide: Engaging the Private Sector through a Pay-for Results Approach](#), *Agrilinks*

[Enhancing Partner and System-Level Learning: 8 Tips from MEL Managers](#), *Agrilinks*

[Shifting the Locust of Learning](#), *USAID Learning Labs*

[MSD in MEL Clinics](#), Perspectives on systems change

[Core Competency Rubrics](#), *BEAM Exchange*

[Market Facilitation Case Studies](#), *USAID Learning Labs*