



# ACDI/VOCA PRIVATE SECTOR ENGAGEMENT

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## PARTNERING WITH THE PRIVATE SECTOR TO DELIVER SUSTAINABLE SOLUTIONS

ACDI/VOCA’s partnerships with the private sector promote nutrition and food security, enhance income generation, support gender equality and social inclusion, catalyze private capital to development challenges and address environmental sustainability challenges in communities around the world.

WE INVEST TIME AND RESOURCES TO HELP OUR PARTNERS GROW THEIR BUSINESSES AND STRENGTHEN THE MARKETS IN WHICH THEY OPERATE

We provide inclusive market and productivity research and insights, provide technical assistance and/or grants to help scale innovative technologies and business models, and we bring market participants together to achieve business and development goals.

THROUGH OUR PARTNERSHIPS, SUSTAINABLE, MARKET-BASED SOLUTIONS ARE CREATED

We collaborate with multinational companies, large anchor firms, small and growing businesses, financial intermediaries and investors, as well as multi-stakeholder alliances like industry associations, public agencies, and influential community groups on transformational partnerships.

Our partnerships have generated over \$753 million in sales and leveraged nearly \$1.6 billion toward shared development goals



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## CREATING TRANSFORMATIONAL IMPACT

To go beyond transactional or one-off partnerships to transformational partnerships that generates sustainable changes in ecosystems, we need to work across the spectrum of engagement tactics, as **co-creator, expert, risk mitigator, investor, and convener**. As two unique “umbrella approaches,” **PSE and MSD objectives can intersect in the ambition to drive transformation**—systemic change that produces scaled, sustained results—and a shared embrace of the private sector as pivotal actors in catalyzing and investing in this process.

[> View ACDI/VOCA's Inclusive Market Systems Interactive Page](#)

*"The Transforming Market Systems Activity was able to step up and identify innovative, creative partnerships that have the potential to achieve true systemic change in different sectors of the Honduran economy. TMS' co-creation approach is 100% aligned with implementing USAID's policy, the Journey to Self-Reliance."*

*- TMS CPAR 2017-2018*



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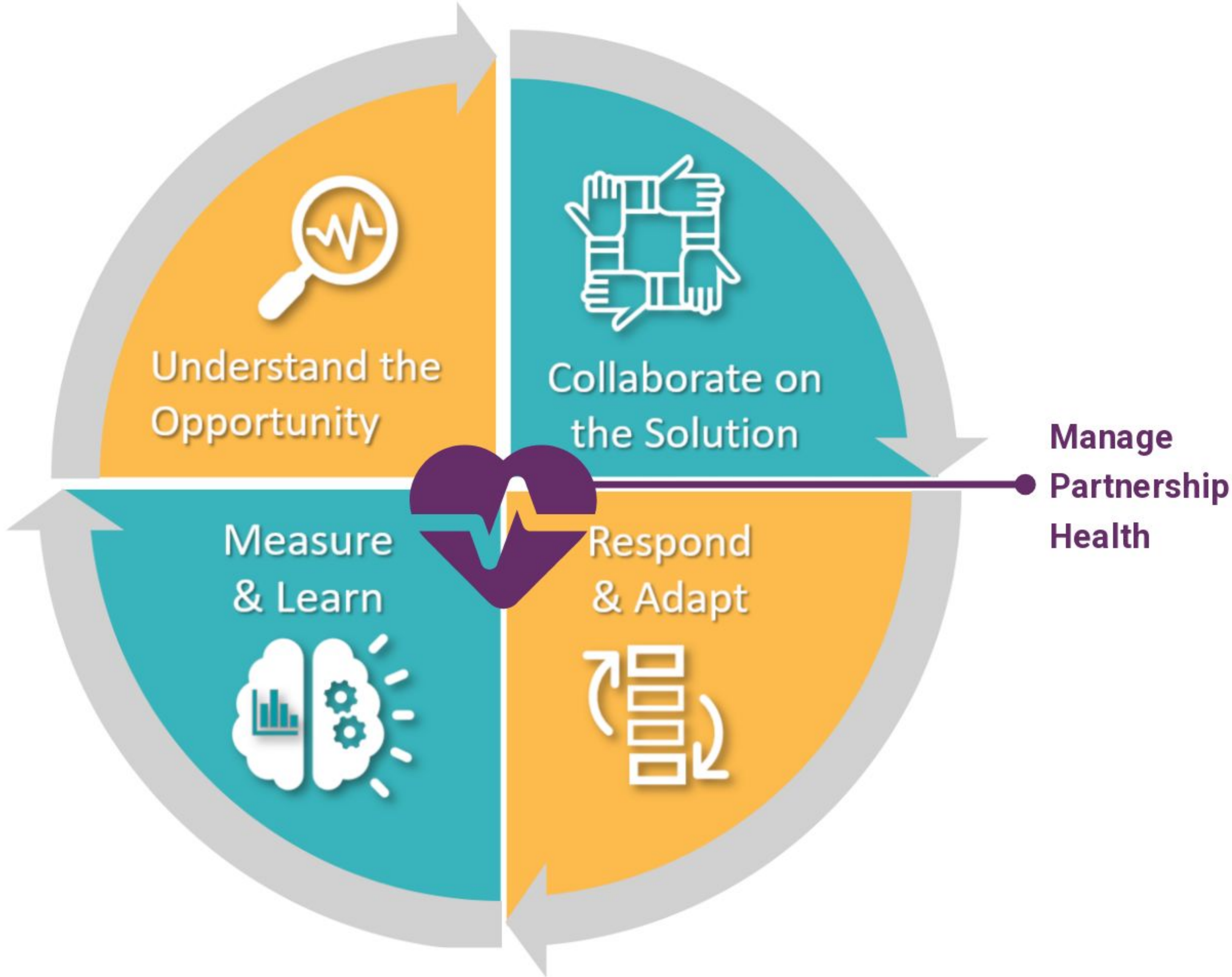


# FOUR PILLARS OF OUR APPROACH

ACDI/VOCA uses diverse tactics and tools to anticipate and respond to change across our portfolio of partnerships.

- > Understand the Opportunity
- > Collaborate on the Solution
- > Respond & Adapt
- > Measure & Learn

LINK TO TOOLS ON > [ACDI/VOCA WEBSITE](#)



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# UNDERSTAND THE OPPORTUNITY



By understanding how and why local businesses behave the way they do, we engage effectively with the right partners. We analyze the performance of various aspects of the market, paying special attention to the capacity of local firms and the incentives that could encourage them to pursue a market opportunity.

## TOOL LINK:

- > Identifying and Analyzing Partners Incentives for Engagement
- > Market Actor Agreement and Partner Review Checklist
- > Tool for Assessing Motivations of Private Sector Partners to Work with Women as Suppliers, Employees, and Consumers



## CASE STUDY



**AVV Ghana** used it’s investment facilitation skills and understanding of market systems principles to facilitate a new offtake agreement with a tech-based platform called *AgroInnova*, for one of AVV’s investee companies, GINAAL, an egg company. This new, co-created solution has resulted in GINAAL benefitting from regular and formal offtake, new and growing market channel as well as visibility of market performance; *AgroInnova* gets a medium-sized company as client, helping this early stage innovative tech platform SME to grow its revenues and relationships; and Investor (AVV) gets repaid in more reliable way, thereby demonstrating viability of such investment in the future (systemic result in terms of access to patient capital for missing-middle ag companies who are mostly written off by lenders).



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# COLLABORATE ON THE SOLUTION

Together with partners, we create plans to make a transformational impact on the market system. We engage our private sector partners in conversation early and often, listening to their perspectives around common opportunities, wants and needs. We work together to design and implement inclusive activities that achieve shared business value.

### TOOL LINKS:

> [Creating Shared Value Through Co-Creation](#)

> [Assessing Incentive and Capacity to Partner Through Due Diligence](#)

> [Tips and Tricks for Developing Meaningful Milestones](#)

## CASE STUDY



**The Youth Resilience Activity** in Colombia underwent co-creation through Whole Systems in a Room Workshops with over 300 *partners* spread over 31 *municipalities* (over 120 of which are youth-led). This included private sector, youth orgs, government offices, NGOs, indigenous groups, and universities. As a result, grantees were matched with support partners by identifying aligned organizations and building projects around themes of common interest.



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## RESPOND & ADAPT

We develop long-term, mutually beneficial solutions through investing the time, energy, and resources in the relationship with our partners. We use a diverse set of tactics and tools to help our partners invest in inclusion outcomes, anticipate and respond to change, building the resilience of market participants and systems.

TOOL LINK:

> [Managing for Partnership Health](#)

CASE STUDY

## HEALTHY RELATIONSHIPS ARE ESSENTIAL FOR EFFECTIVE COLLABORATIONS WITH THE PRIVATE SECTOR








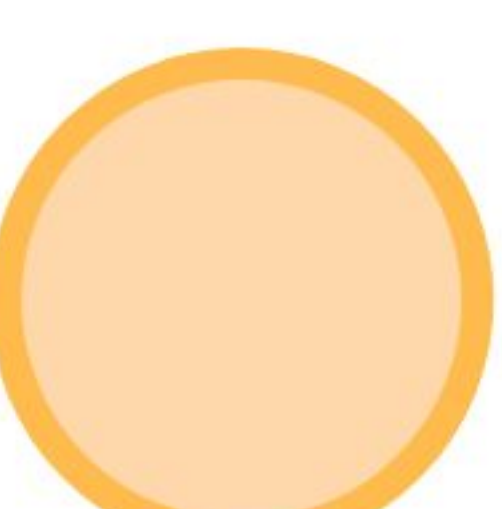
### WHAT MAKES A HEALTHY PARTNERSHIP?

The litmus test for a successful private sector partnership is often considered to be **(1)** the right idea with **(2)** the right partner. But reflections and learning shared in this learning brief by the USAID/Honduras Transforming Market Systems (TMS) Activity’s also show the importance of a third factor **(3)** the right relationship.

(This brief contributes to the USAID Private Sector Engagement (PSE) Evidence and Learning Plan evidence base on “What PSE relationship qualities influence results?”)

[Click button to view learning brief](#)

> [Partnership Relationship Quality](#)

 <div>Alignment</div> <p>Shared understanding of objectives of the partnership, one another's work culture, and established mutual expectations</p>	 <div>Commitment</div> <p>Shared satisfaction with each party's level of commitment, dedication, and the goals of the partnership.</p>
 <div>Value-Additive</div> <p>Support, other than financial resources, that provides significant added value to what could have been done alone</p>	 <div>Openness</div> <p>Informed about context and understand the challenges; offer honest perspectives and share relevant information</p>
 <div>Trust</div> <p>More than a point of contact for contract questions, but as a useful resource and trusted advisor to the enterprise</p>	

*Relationship quality was assessed around these five evidence-based relationship indicators and one 'fit check' indicator, informed by ACDI/VOCA's Partnership Health Assessment Tool and a 2016 USAID study conducted by Dalberg Global.*



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## MEASURE & LEARN

We use what we learn to build our own capacity and that of our partners.

We assess the impact of our work on the market using agreed upon milestones, indicators, and metrics. We use what we learn to build our own capacity and that of our partners, and we apply that learning to make evidence-based shifts to improve our impact.

### TOOL LINK:

> [Incorporating Learning into Intervention Design Through Conducting Exit Interviews](#)



### CASE STUDY



In response to the worsening conditions, the USAID funded **Agriculture and Food Systems Development** activity ACDI/VOCA implements in Myanmar quickly changed its agreements with partnering agribusinesses. The team took an evidence-based approach to make those changes happen, including shifting focus from export to domestic consumption and setting up online banking and asked suppliers to open accounts with the same bank. For example, *Kaung Ko Group* (KKG), a company that received a grant from the USAID activity, signed contracts with 82 farmers to grow sesame. KKG distributed 290 50-kilogram fertilizer bags to farmers on credit and agreed to purchase 50 metric tons of sesame produced by the farmers at 2 percent above the market price. This subtle change to the market system is stabilizing farmers’ incomes and improving their food purchasing power to help fight against hunger.



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## Shared Interests and Relationships Foster Adaptability

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*Private Sector Engagement's focus on relationship management helps reinforce our market systems facilitation work with market actors by developing more meaningful partnerships that adapt and improve as we gain more collective experience.*



## Change Begins with Analysis and Understanding

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*By directing partners to address root causes rather than the symptoms of underperforming markets, we are more likely to create more sustainable interventions.*



## Successful Strategies Include All Participants

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*Integrating diverse perspectives is another principle we apply when seeking to understand the underlying issues within a market system.*



## A Collaborative Approach Ensures Buy-In

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*By ensuring market actor buy-in and leadership throughout the co-creation process we are more able to achieve successful private sector partnerships that lead to lasting change.*



# Identifying and Analyzing Partners Incentives for Engagement

Identifying diverse partners is **key to strengthening connections to market systems**. This includes incorporating an MSD lens into the identification of private sector companies and design of partnerships in order to understand capacity to effect systemic change. The Partnership Identification and Engagement Tool equips practitioners with “tips and tricks” for identifying, assessing incentives, and mapping market actors to create a shared understanding of who and what stage to engage with.

> PARTNER IDENTIFICATION & ENGAGEMENT TOOL



# Assessing Incentive and Capacity to Partner Through Due Diligence

Due diligence is critical to understanding the incentives and capacities for a firm to engage with ACDI/VOCA. Through using this tool, development partners will be equipped with the knowledge to ensure that the firm has internal structures and capabilities to successfully carry out the proposed partnership activities, and to help ACDI/VOCA identify any reputational risks that may arise from the proposed collaboration. This is a key part to making sure we understand each other's approaches and incentives for engagement.

> CONDUCTING A DUE DILIGENCE ON  
THE PRIVATE SECTOR TOOL



# Creating Shared Value Through Co-Creation

Co-creation is “a design approach that brings people together to collectively produce a mutually valued outcome, using a participatory process that assumes some degree of shared power and decision-making.” ACDI/VOCA’s Co-creation tool allows us to go beyond knowledge sharing or learning from various stakeholders and move toward interactive and ongoing engagement with those who are affected by or are well-positioned to address an issue. Through using this tool, implementing development partners will be well equipped with tips and tricks to more effectively collaborate with key partners, creating transformational partnerships by leveraging the capacities and incentives of a portfolio of actors.

> CO-CREATION WITH THE PRIVATE SECTOR TOOL



# Tips and Tricks for Developing Meaningful Milestones

The development of meaningful milestones results in benefits for the donor and the private sector by establishing clear expectations with clearly negotiated results, milestone deadlines, and means of verification for each milestone. The milestones development tools will allow development partners to understand best practices in milestone development and means of verification, allowing for flexibility for the project and firm to respond to challenges and achieve their overall goals, while also lowering donor risk as payments are tied to achievement of mutually agreed upon outcomes.

> DEVELOPING MEANINGFUL  
MILESTONES TOOL



# Managing for Partnership Health

Healthy relationships are essential for **effective collaborations with the private sector**. Strong relationship health leads to collaborations that are more likely to **exceed expectations in their progression toward agreed-upon outcomes**, and that can **better navigate the inevitable challenges** that arise in these types of collaborations and can lead to transformational partnerships. The Partnership Health tool and accompanying user guide is intended to develop the capacity of development practitioners to understand what areas to focus on to develop healthier relationships, ongoing practices that support relationship health, as well as provide a framework/tool for capturing the resources, behaviors, and relationship health factors that lead to partnership success.

> **PARTNERSHIP HEALTH ASSESSMENT  
TOOL: COMPANION GUIDE**

> **PARTNERSHIP HEALTH ASSESSMENT**



# Incorporating Learning into Intervention Design Through Conducting Exit Interviews

As the partner approaches the end of its partnership agreement, **an exit interview will help ACDI/VOCA staff and the partner** assess and understand how the activity's funding and other assistance supported the partner in reaching both development and business goals; and what elements of the partnership the partner will continue to do and/or invest in going forward. This will also help inform ACDI/VOCA's ability to adapt future activities as a means of creating more transformational partnerships.

**> CONDUCTING PARTNER EXIT  
INTERVIEWS TOOL**