AIP-RURAL
Building Partnerships for Impact: Guidelines for Implementation Staff

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Foreword

Goetz Ebbecke

Building successful partnerships to bring about sustainable transformation is at the core of market development facilitation. Yet all market development programs struggle with how this is done.

For development practitioners, who are often more accustomed to doing things themselves rather than through actors within a market system, developing an offer and negotiating a deal with private sector actors may not always be the most intuitive of processes. Even for those within our teams who already have some business background building win-win partnerships and making deals this may not come naturally. The aim of this guideline is to unpack the process of building successful partnerships so that we can understand the key principles, the core elements and the mechanics of how this is done.

After all, successful partnerships and deal making is an art and not a science. It requires patience, creativity, and flexibility, alongside an entrepreneurial attitude and acceptance that our ability to build productive working relationships and conclude deals will improve over time with practice and experience. While it can be difficult to undertake and is often frustrating, especially when teams fail to close a deal, it does not have to be that way.

When developing these guidelines, we realised that there is limited publicly available guidance on partnerships and deal making in market development programs. Market development trainings tend to only lightly touch on the partnership process, focusing more on diagnostics, intervention design, and the management of interventions once they are up and running. Relationship management and deal making skills are also seldom taught in our projects, with staff often left to learn through trial and error.

Although each relationship management process will follow its own unique pathway and invariably each market development program will need to adapt any guidance to their specific program structures, this is a step towards institutionalising our knowledge in this space. This is intended as a practical framework rather than a rule book on deal making and relationship management.

The first version of these guidelines were developed in February 2015. When the original guidelines were prepared, the emphasis was on "just making a Making Markets Work for the Poor (M4P) deal." It established the main dos and don'ts and framed the essence of a deal. As our teams and partnership have matured, and the opportunities to increase our outreach through a systemic change in our partners, the emphasis has now shifted to "making a better deal" and building more collaborative, productive, and sustainable working relationships from our very first interactions with potential partners.

The updated guidelines aim to capture this evolution and ambition in partnership relationships and incorporate the rich experience of AIP-Rural, including around more strategic, systemic partnerships and women's economic empowerment. We intend to continue revisiting these guidelines from time to time, enriching them further with more practical lessons and case studies from the field.

In developing these guidelines, we have had the great opportunity in AIP-Rural to build on the knowledge of a number of large M4P programs, as well as the practical experiences and perspectives of our senior management, M4P advisers, and technical team. I would like to thank Vanessa Valentino for preparing and updating these guidelines, the AIP-Rural portfolio/sector teams and Core Management Team for their inputs, and particularly Rajiv Pradhan and Jim Tomecko for their invaluable support.

I hope that this practical guideline will give more teams and programs the tools and confidence to negotiate successful 1st and 2nd generation partnership and deals that expand our outreach and impact.

Best regards,

Goetz Ebbecke

AIP-Rural General Manager

Building Partnerships for Impact: Guidelines for Implementation Staff

PURPOSE

To provide practical guidance on engaging private sector partners, to facilitate win-win relationships that lead to the sustainable delivery of products and services that have measurable impact on our target groups.

NOTE TO READER

These are guidelines only. Each relationship process will follow its own unique pathway, and it will be important to remain creative while also being aware of the various stages and tips outlined below.

WHAT IS RELATIONSHIP MANAGEMENT?

Relationship management is about cultivating and nurturing healthy working relationships. It requires soft skills and considerable time and effort to build and maintain strong working relationships with partners and potential partners who may have diverse values, opinions, and organisational cultures.

The relational aspects of our partnerships are equally important as the technical aspects. Relationship management begins from our first interactions with potential partners and continues beyond the end of our written agreements with partners. We need a relationship before we can make a deal; a good deal is an indicator of a good partnership. The more we focus on good partnerships the greater the possibility of better and more impactful deals. The eventual aim of all of these partnerships and deals is greater outreach through systemic change.

WHAT IS DEAL MAKING?

Deal making is the process by which we negotiate an agreement and form a productive working relationship with an intervention partner to establish or strengthen the delivery of products or services that are necessary to make the market system function more effectively for our target group.

Deal making is an art and not a science, and our ability to make deals will improve with practice and experience. It is an iterative process rather than an activity that can be completed in a single meeting. As a result, it requires patience, creativity, and flexibility as we identify and build on shared value with our partners.

Through this process, we jointly define win-win outcomes for all parties involved and are able to strategically invest AIP-Rural resources to cost-effectively bring about a sustainable transformation in the business model of our partner.

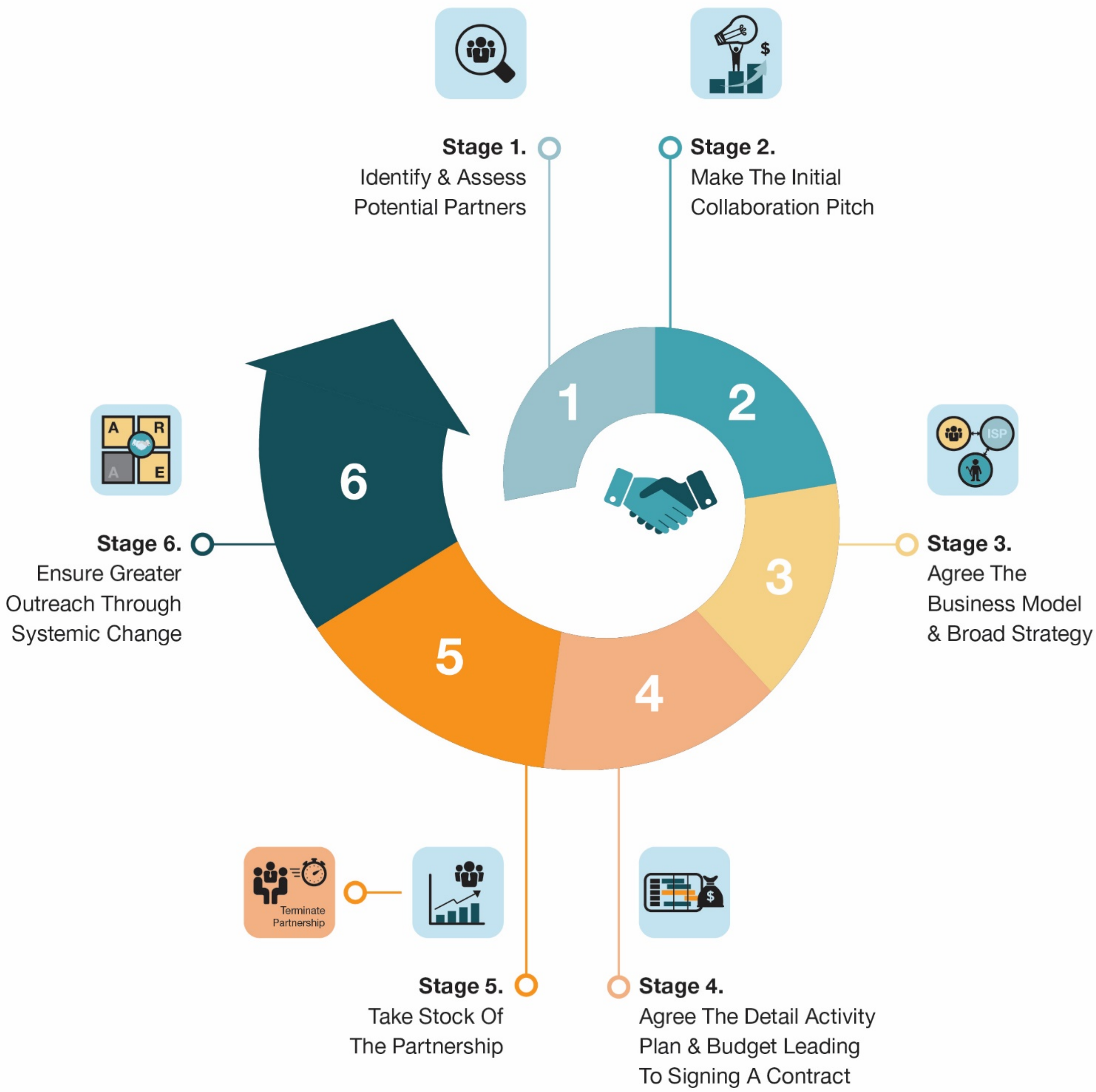
WHAT WILL THIS GUIDELINE COVER?

This guideline will cover the *initial partnership building process* (Stages 1-4), *taking stock of our partnerships* (Stage 5) *leading to "next generation" interventions and ideals* (Stage-6)

The **basic partnership building process** consists of four stages beginning with the identification and assessment of potential private sector partners in Stage 1. This is followed by framing and making an initial collaboration pitch in Stage 2 and agreeing on the business model and the broad strategy in Stage 3. The final stage involves negotiating the details of the partnership, including the detailed activity plan and budget. After the deal has been made, the agreement is captured in a formal commitment that is signed by both parties.

Taking stock of our partnerships looks at how to assess the partnership and deciding whether or not it is time to exit or to aim for **greater outreach through systemic change** this section focuses on **next generation interventions**. This includes follow-on partnerships with the same initial partners, as well as new partnerships with a diversity of market actors to deepen and broaden market system change. While the basic partnership building process will also be applicable to such deals, this section provides specific guidance to brokering more strategic, systemic next generation deals, including more complex multi-party partnerships. This part of the guide also suggests ways to end relationships if this is called for.

The following diagram summarises the various stages that will be covered:



Stage 1.
Identify & Assess
Potential Partners
Stage 2.
Make The Initial
Collaboration Pitch
ISP
Stage 3.
Agree The
Business Model
& Broad Strategy
Stage 4.
Agree The Detail Activity
Plan & Budget Leading
To Signing A Contract
Terminate
Partnership
Stage 5.
Take Stock Of
The Partnership
A
R
A
E
Stage 6.
Ensure Greater
Outreach Through
Systemic Change
1
2
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4
5
6

Partners

There is no formula for finding and selecting the right partners. This involves trial and error and continuous assessment of potential partners.

During the development of the Growth Strategy Document (GSD), we would have discovered some of the key firms operating in our market. We may have even had some initial conversations with them. As we continue the process of identifying partners, **we should build on these initial contacts while also broadening our search for additional partners.**

WHO ARE WE LOOKING FOR?

As the starting point for this guideline, we assume that the GSD process has been effective in identifying the needs of the target group and the priority weaknesses in the market system in delivering solutions for these needs. We also assume that research, analysis, and strategy setting has been conducted through a gender lens (see Guidelines on Women's Economic Empowerment). Our vision and potential interventions should take advantage of both men and women's knowledge, capacities, and contributions in the system and reflect desired changes for any identified gender-related problems.

As part of that analysis, we should have considered which types of market actors are best placed to perform these market functions and drive the changes needed to realise our future vision for systemic change in the market system. These market actors could be public or private sector and range from input suppliers, processors, traders, collectors, business service providers, business member organisations, government agencies and public bodies, research organisations, to even educational institutions. We should have also considered at what level of the value chain we want to partner.

Consider the range of possible solutions

We should start with a broad view of the market functions that we are trying to fulfil and the possible solutions. This means making sure:

- we know what related products or services are prevalent in the current system
- we have some evidence of the success of such products or services

For example, if the missing or weak service area for our target group is around feed, we should consider all different feed options before narrowing our search to providers of a specific type of feed.

Partners are instrumental to the systemic change that AIP-Rural is attempting to bring about. By engaging market actors who have the potential to sustainably deliver changes that will lead to improved farmer incomes, we hope that these new market relationships, roles, and responsibilities will be engrained in the system and continue long after AIP-Rural's support has concluded. This means that partnership identification is a continuous and iterative process that may result in dropping or including new partners at any stage of the intervention.

Start with a basic understanding of their business to gauge their potential relevance:

- Do they have existing products or services that could match the needs of our target farmers?
- Is there potential to adapt their existing products or services to have greater impact on our target groups?
- Have they previously tried to do something to solve a problem in the market but failed? etc.

WHERE DO WE FIND THEM?

Potential partners can be identified through multiple channels, including:

- Internet & desk research
- Field visits
- AIP-Rural networks (other AIP-Rural programs, portfolios, or sectors; senior management; advisers; DFAT)
- Government networks and databases
- Sector experts
- Other firms operating in the market, as well as industry associations and working groups
- Exhibitions, conventions, or other industry events

Aim to identify multiple potential partners

Ideally, we should work with more than one partner to improve our chances of success. The reality, however, is that we may only have the option of working with a single firm. Despite this, we should invest in expanding our options upfront by:

- Identifying at least three or more potential partners
- Not limiting ourselves to target districts when looking for potential partners
- Not limiting ourselves to market actors whose core business is in our market

The list above is not exhaustive, and we should always remember to capitalise on our own personal knowledge and networks as we search for partners. As the credibility and visibility of AIP-Rural increases, we can also expect to be approached by various companies who may be interested in exploring opportunities for collaboration.

WHY DO WE ASSESS THEM?

There is no such thing as a perfect partner. **What we are looking for is the best possible match that will enable us to get the highest returns (Net Attributable Income Change X Outreach) for our investment — both in terms of manpower and money.** During the partner selection stage, we should be conducting a more formal assessment to decide which potential partners to prioritise and target.

Once we have selected a partner to proceed with and have moved into the initial deal making negotiations (Stages 2 to 4), it is important that we are not complacent and that we continue to update our knowledge and understanding of the partner. This will help us to more efficiently engage with selected partners during negotiations.

Stage	Objectives of understanding the capacity and willingness partners
During partner selection (Stage 1)	■ Determine the risks of engaging with different types of potential partners ■ Short-list potential partners for further consideration ■ Prioritise short-listed potential partners (if there are multiple options)
During deal negotiations (Stages 2-4)	■ Inform how we should structure the initial offer ■ Inform the types of activities that may be needed to support the partner ■ Inform decisions on the size of our financial contribution and the most appropriate type of written agreement

The private sector is rarely static. Firms or entrepreneurs are consistently confronted with change as they search for new opportunities and react to changing market realities. Consequently, **we need to be dynamic and flexible in the way we understand and engage our potential partners**.

WHERE DO WE GET INFORMATION TO ASSESS THEM?

The incentives of market actors are often intangible and may include hidden agendas. Information on business models, sales volumes and targets, new product plans, customer and supplier information, financial data etc. can be challenging to obtain, especially when companies do not have to publicly disclose such details or when individual entrepreneurs do not maintain proper financial or business records. We need to be mindful that businesses will be sensitive about giving away their enterprise secrets.

So, finding out about potential partners requires considerable creativity and a good deal of detective work and reflection. It also involves building trust with prospective partners; this can open the doors to sharing more sensitive information over time.
The main sources of company information include:

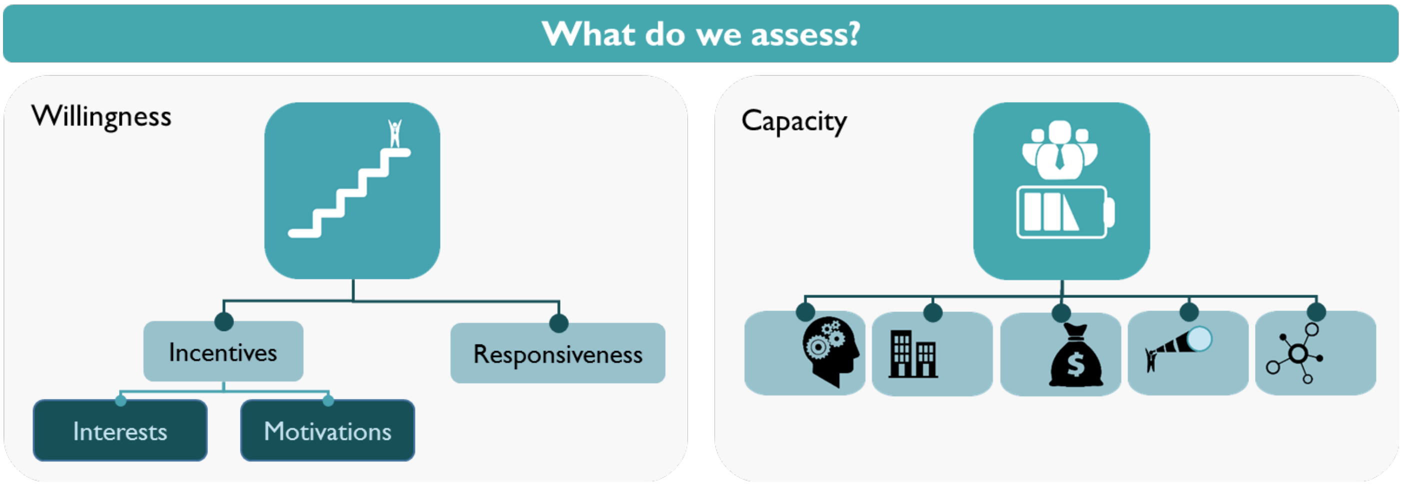
- Company websites, annual reports, brochures, etc.
- Personal websites, social media, etc. for entrepreneurs
- Initial interaction/fact finding visits to the company or entrepreneur (both formal and informal meetings with managers, field staff, etc.)
- Suppliers, distributors, and customers
- Government websites
- Sector experts
- Coordination bodies and professional organisations
- Competitors

An important, but occasionally overlooked, source of information can be to speak with the company or entrepreneur's field staff and not just the managers and representatives at the headquarters. Make sure to triangulate information as different stakeholders may have their own agendas.

Good practices for initial interactions with potential partners

- **Actively listen:** rather than charging through our questions or only thinking forward to what we want to say, make sure we leave time for potential partners to speak and take time to digest what they are saying
- **Ask open or probing questions:** open ended or probing questions can help us develop a deeper understanding of the actor and may help reveal signs of common ground that can form the basis of a future relationship

See page 16 for more tips on effective engagement with partners



WHAT DO WE ASSESS?

Prospective partners and market systems are highly diverse and dynamic. There is no fool-proof method for selecting partners, but there are several questions that we can ask to help assess potential partners.

During the early stages of partner identification, we should have already checked some basic information around their business and their potential relevance to the services we would like to strengthen in the market system. We can then proceed to undertake a more in-depth partner assessment of **their willingness and capacity to expand, test, and adopt new innovations; change their business model**; and also lead the change process. Where the business opportunity depends on more effective or expanded engagement with women, we should also conduct an additional assessment of their willingness and capacity to engage women (see Tool 2).

When assessing willingness, we look at both incentives and the level of responsiveness of the potential partners**.** Make sure we are getting an overall picture of the willingness of the company and not just specific individuals within the company.

Incentives are the reasons and driving forces behind the market actor's behaviour. They involve two key elements:[1]

- **Interests** are what market actors want to achieve. They dictate the decisions and actions undertaken by potential partners. They can be formally expressed interests (statements of purpose, stated priorities, company mission or vision statements, etc.) or more informal objectives. They can also vary depending on the timeframe. Whether an interest is immediate, medium, or long-term can affect how important it is to the partner.
- **Motivations for engaging or not engaging** are the factors that affect the choices potential partners make when deciding whether or not to follow a particular strategy to achieve their interests. Why would they want to or not want to engage with AIP-Rural? What are the risks for them? Even if there are factors that may be holding them back from wanting to engage with us, this does not mean we should not engage with them. Instead, we should be looking for ways to address their concerns.

Examples of interests and motivators	
Interests	■ *Economic interests:* sales, market share, new geographies, new sectors, new consumer segments (e.g. women), etc. ■ *Social interests:* reputation, prestige, etc.
Motivators	■ Opportunities to increase smallholder (or specifically female) customer base ■ Not wanting competitors to have the first mover advantage ■ Existing momentum upon which to build
De-motivators	■ Poor history dealing with other development initiatives ■ Reluctance with being associated with the Australian government through AIP-Rural funding ■ Reluctance to work with AIP-Rural because we work with their competitors ■ *Relevant for WEE partnerships:* Reluctance to work with women (e.g. because of perceived negative social ramifications)

Responsiveness is a measure of the actor's readiness to act and develop a partnership with AIP-Rural. This can be judged by: how proactive are they in trying to develop a partnership and how easy it was to get an initial or follow-up meeting with them.

Example: *PT AHSTI in the maize sector and PT SOLBI (a pest lamp trader) in the shallot sector were both proactive in gathering additional information from the field about potential ideas presented by PRISMA. In addition to sending their own team to the field to assess the market opportunity, PT AHSTI also presented their findings to the PRISMA team with a clear direction on how they wanted to enter the market. In short, these companies were taking the opportunities seriously and willing to invest time and resources even before entering a formal agreement with us.*

When assessing capacity, we are trying to understand whether the actor has the ability to take on a new or expanded role in the market system.

In the case of WEE (women's economic empowerment) partnerships, piloting with more experienced partners (e.g. those who already have strong female supply chains or a large female workforce where they cater to female needs) can be a great way to prove an initial model. While we should actively explore the opportunities that are currently arising in agriculture, because of the changing demographics in rural areas (more women customers), we should be careful not to push this agenda with our partners too early as it may reinforce their notion of PRISMA being more of a social project than one through with they can expand their business. When the relationship is more mature and we have built a solid business case for WEE, this is the time to present this opportunity.

We can unpack partner capacity into five main elements:

- **Technical:** relevant practical knowledge (know-how)
- **Physical:** assets and human resources
- **Financial:** sufficient funds for additional investments
- **Leadership:** existence of internal champions who are able to drive and sustain proposed innovations
- **Networks and linkages:** intensiveness and extensiveness of relationships with relevant individuals, organisations, agencies, etc. This may include the size of their customer or supplier base, as well as the reach of their distribution network.

Essential characteristics of good partners

- **Willingness:** They are interested and motivated to work with us to develop/strengthen business models that will deliver change to our target group.
- **Capacity:** They have the capacity (or are able to build the capacity) to deliver the kinds of changes to our target group that will increase their incomes.
- **Ownership:** They are prepared to invest their time and resources (indicator of ownership) in the new or strengthened business model and share the risks of the joint intervention.
- **Scale:** They have the potential to reach scale and/or influence other market actors (systemic change).

See **Tool 1** for guiding questions and more examples for assessing general willingness and capacity. See **Tool 2** for additional questions and tools for assessing WEE willingness and capacity. **Tool 3** can be used to compare various potential partners. **Tool 4** provides a matrix to help us determine our engagement strategy depending on the partner's level of willingness and capacity.

Don't forget to also check the reputation & general risk profile of the partner

- Is the company and its management (or entrepreneur) reputable? This means no known corruption charges or associations with terrorist groups, not blacklisted, etc.
- What is the general public perception of the company or entrepreneur? How are their products and services received by consumers? Are they engaged in responsible supply chain management? How do they treat employees or distributors? etc.
- Is it in the start-up, growth, expansion or maturity phase of the business life-cycle? How much experience does the management team have? Is it privately or publicly held, listed or unlisted, multinational or local etc.?

Please refer to the ***Partner Due-Diligence Review and Checklist*** *and the* ***Rapid Institutional Assessment (RIA) Tool*** *for more detailed guidance.* Other factors, particularly around the company type and maturity will also effect their capacity.

Tips for identifying & assessing potential partners

- **Don't be desperate for partners & beware of being too opportunistic:** As AIP-Rural matures and gains a stronger reputation, we now have more options. If a candidate does not work out, keep the door open for potential future collaboration, and move onto other candidates. Also, in cases where we are being approached by a firm we should look at whether there is a strategic fit with our vision for change before pursuing a collaboration with them.
- **Beware of donor "darlings" or companies highly dependent on grants:** Beware of companies that play one donor off the other. While it is not always clear where a company may be getting their funding, we should try where possible to get a sense of how much of their financing is grant-based. Partners that are overly dependent on donors and grant money tend to be high risk in terms of commercial viability and sustainability.
- **Target the commercial division (not the CSR arm) of a company:** One of the challenges faced by market development programs is getting businesses to see M4P as relevant to their core business, rather than just being 'social work.' The ideal partner to work with is the commercial division of the business since it has the business incentives to sustain and expand the innovation.
- **Don't just default to the market leader:** We sometimes partner with the market leader or actors who have the strongest international reputation. However, market leaders may also be more complacent with their position and less interested in innovating or taking new risks. Make sure to assess the incentives of potential partners and identify those that are more proactive in terms of innovating or growing their market share; this is not always the market leader.
- **Don't miss out on opportunities to innovate with smaller motivated organisations:** Larger companies can pose less risk and can be easier to work with when trying new ideas. As one PRISMA staff put it: "they have more flexibility because they have the experience, human resources, and budget to fail." They also give us potential for higher outreach and scale. The business opportunity, however, that we are presenting them may be a low priority for them or contribute to a small fraction of their overall business; this is not a good fit.
- **Make sure to coordinate with other sectors, portfolios, and AIP-Rural programs:** Market actors can become frustrated or develop a negative perception of AIP-Rural when multiple teams approach them without coordinating. By understanding AIP-Rural's previous interactions with a firm or entrepreneur, we can (1) ensure better relationship management and (2) better assess the suitability of the potential partner for the proposed intervention. Also, if partners express interest in other AIP-Rural sectors, be sure to introduce them to our colleagues.

Tool 1: Guiding questions for assessing partners

The following table provides some guiding questions and examples for assessing partners, as well as notes on how to interpret this information. This list of questions is non-exhaustive and should only be taken as a guide to stimulate our thinking. It is essential that these are asked **only** after you have done prior research on the partner; do not waste your time with the partner by asking questions for information you can find on the internet or through basic research!

<table>
<tr><th colspan="2">Category</th><th>Guiding questions</th><th>Examples</th><th>Notes on interpreting</th></tr>
<tr><td colspan="5">BASIC RELEVANCE</td></tr>
<tr><td colspan="2">Background information</td><td>What is their current business and size of operation?
Do they have existing products or services that could match the needs of our target farmers?
Do they have other related (or non-related) businesses?
Is there potential to adapt their existing products or services?
Have they previously tried to do something to solve a problem in the market but failed?
What is their growth trend? Is the company growing rapidly, slowly but steadily, etc.?
Have they invested in diversifying their portfolio?
Is the business a one man show? If so, is there a succession plan or are there risk management measures in place?</td><td></td><td>For example, if they have no existing products that currently match or can be adapted to the needs of poor farmers, we would have to introduce new products through the company. In this case, we may consider prioritising other partners if they have more relevant products.
Some of these general questions can also give us some overall clues about their capacity and willingness.</td></tr>
<tr><td colspan="5">WILLINGNESS TO CHANGE</td></tr>
<tr><td rowspan="3">Interests</td><td>Immediate</td><td>What are their immediate interests (3 to 6 months)?</td><td rowspan="3">Economic: grow sales volume of existing products, enter new geographies, enter new sectors, grow customer base, reach customers at the base of the pyramid, reach female customers, expand market share, become the market leader, upgrade processes or technologies, recover from a price fall, attract government investment, increase their profit margin, conduct R&D in new products or new sectors, etc.</td><td rowspan="3">See Tool 4 on willingness & capacity matrix
Also use findings to frame our initial pitch: For example, as a program, we tend to focus on more long-term outcomes while potential partners may place more importance on immediate needs and interests. This can affect how we frame and communicate our initial pitch.</td></tr>
<tr><td>Medium term</td><td>What are their medium term interests (6 months to 2 years)?</td></tr>
<tr><td>Longer term</td><td>What are their long term interests (> 2 years)?</td></tr>
</table>

			■ **Social:** improve their reputation and prestige, increase their social license to operate, etc.	
Motivations	Motivators	■ Why might they think it is a good idea to partner with AIP-Rural? What are the benefits for them?	■ Opportunities to increase smallholder (or specifically female) customer base ■ Not wanting competitors to have the first mover advantage ■ Existing momentum upon which to build ■ Securing inputs for their other business	
	De-motivators	■ Why might they not want to partner with AIP-Rural? What are the risks for them?	■ Poor history dealing with other development initiatives ■ Reluctance with being associated with the Australian government through AIP-Rural funding ■ Reluctance to work with AIP-Rural because we are working with their competitors	
Responsiveness		■ Have they questioned us on the evidence of the success of our ideas? ■ If this is their idea, have they been proactive to take us on field visits to areas where they have been successful? ■ How easy is it to get an initial or follow-up meeting with them? ■ How proactive are they in trying to develop a partnership? ■ Are they investing resources to find out about the potential innovations before reaching an agreement?		Target potential partners who exhibit high responsiveness
CAPACITY TO CHANGE				
Technical		■ Do they have practical knowledge (know-how) to deliver the required services or products?		See Tool 4 on willingness & capacity matrix Also use findings to frame our initial pitch and feed into the activity plan and budget
Physical		■ Do existing staff have the time to take on new projects or new tasks associated with the change being proposed? ■ Is the organisation able to hire and train new staff?		

	■ Is the use of existing physical resources restricted to other purposes?		
Financial	■ Do they have the financial resources to make additional investments?		
Leadership	■ Are there champions in the firm who have the power and influence to lead the company through the change process? ■ Are there individuals in the firm who want to explore and break new ground (e.g. forward thinkers, visionaries, early adopters)?		
Networks & Linkages	■ Has the company previously worked with the target population? ■ Is it connected to the appropriate geographic areas (provinces, districts, etc.)? ■ What is the size of its customer or supplier base or reach of its distribution network? ■ Does it have good relationships with local decision makers and relevant government agencies? ■ Does it have potential to influence other actors in the value chain?		
OTHERS			
Reputation & General Risk Profile	■ Is the company and its management (or entrepreneur) reputable? This means no known corruption charges or scandals, not on any DFAT or donor blacklists, no known associations with terrorist groups, etc. ■ What is the general public perception of the company (or entrepreneur)? Is its brand famous? How are their products and services received by consumers? Are they engaged in responsible supply chain management? How do they treat their employees or distributors? ■ Is it in the start-up, growth, expansion or maturity phase of the business life-cycle? How much experience does the management team have? Is it privately or publicly held, listed or unlisted, multinational or local etc.?		The legal status of a company (UD, CV, PT, International limited liability, etc.) is typically associated with a certain standard of supervision and audit within the company. For example, there will be lower risk to work with a PT rather than an individual. If we choose to proceed with the partner, some of this information will feed into determining the size of our financial contribution and will be important for completing the due diligence review before a written agreement can be finalised.

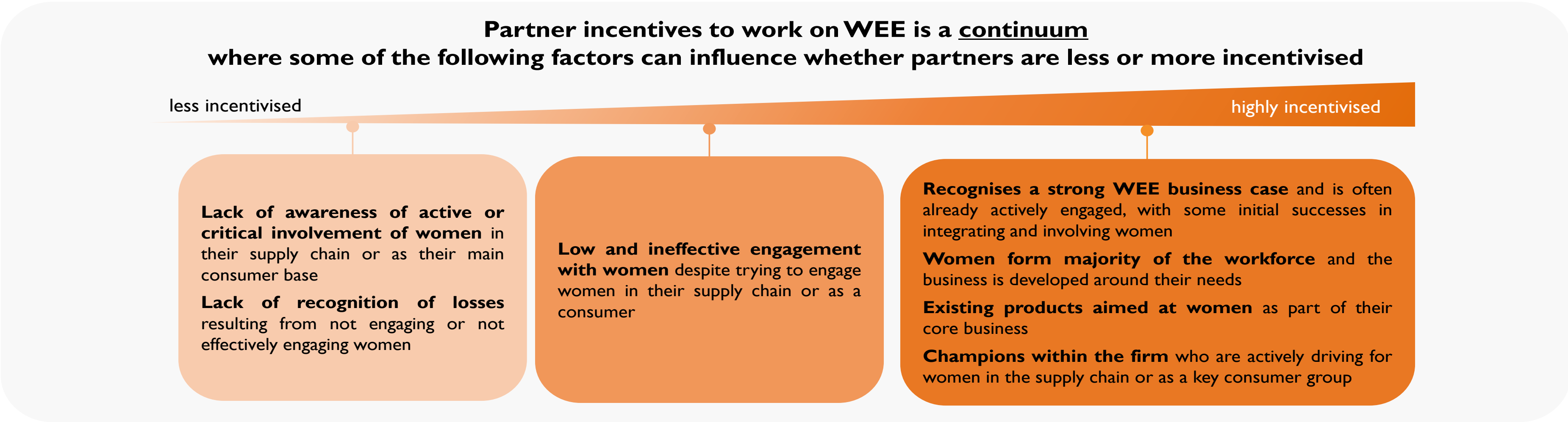
Tool 2: Additional questions and tools for assessing WEE partners

These guiding questions for assessing WEE partners are in addition to the basic questions that we should be asking from Tool 1. This list of questions is non-exhaustive and should only be taken as a guide to stimulate our thinking as we do our detective work to find out more about potential partners. Again, these questions should not be asked unless it is perceived that the partner is ready to explore this opportunity.

ADDITIONAL QUESTIONS FOR WEE PARTNERSHIPS		
Background information	▪ What are their current commercial relationships and practices with women (as customers, agents, field staff, labourers, etc.)? ▪ Are they aware of the potential roles and importance of women in their value chain? Do they differentiate between the needs of women and men? ▪ Are they aware of the business incentives of engaging women in their value chain?	These general questions can give us overall clues about their WEE capacity and willingness.
WEE Willingness	▪ Does their immediate, medium-term or long-term interests involve engaging women and/or WEE? ▪ Do they have pre-existing commercial relationships with the women and/or target women (as customers, agents, field staff, labourers, etc.) in their existing strategies? ▪ Do they have a targeted approach to engaging women? Are they branding themselves as being female friendly compared to competitors? ▪ Are they reluctant to engage women or actively excluding women? If so, is this because of perceived negative social ramifications of working with women, entrenched viewpoints on gender roles, poor previous experience with women, etc.? ▪ Are they open to changing their current practices or even eager to innovate their practices to women?	For WEE partnerships, trialling with more experienced partners is preferred. However, as this involves high existing levels of innovation, such partners may not already exist. In such cases, willingness to innovate around WEE will often be more important than having existing capacity, and we should be open to working with less experienced partners who show a strong commitment to WEE. Use these questions to identify potential market actors that are proactive in WEE, as well as those who could be receptive to changing their practices. Try to distinguish between reluctance and resistance. The former is much easier to overcome. For some potential partners, while they may not be explicitly targeting women (and thus seem to have low willingness), this could simply be a result of limited information or understanding of the WEE business opportunities. In such cases, there is potential to change their willingness through better information. At the same time, understanding where reluctance comes from can help us identify ways to change that perception and what data is needed to shift their views.
WEE Capacity	▪ Do they exhibit any markers of capability in the WEE sphere? Examples include: (1) high female workforces, (2) contact and understanding of women in their supply chains, (3) collection of marketing information on female clients, (4) strong working relationships with women in operations, and/or (5) family run businesses where women family members play a strong business roles or are true business partners.	As noted above, for WEE partnerships, trialling with more experienced partners is preferred. However, as this involves high existing levels of innovation, such partners may not already exist. In such cases, willingness to innovate around WEE will often be more important than having existing capacity, and we should be open to working with less experienced partners who show a strong commitment.

	▪ Do they have practical knowledge on engaging women that would be relevant to the identified WEE opportunity? Do any points in their business (e.g. trading, marketing, sales) already have inherent practices and systems that are relevant for WEE activities? ▪ Have they previously tried to do something to solve a gender-related problem in the market but failed? If so, why? ▪ Are there champions in the firm who have the power and influence to build a more gender inclusive business? Are there individuals in the firm who want to explore and break new ground related to WEE? If so, what is motivating them? ▪ Does the company have existing networks or linkages with women that are relevant for the identified WEE opportunity?	

We can also plot partners along the continuum below. While it might be easier to work with partners that are already highly incentivised, we should not limit ourselves to such partners. In some cases, partners that may initially be less incentivised can become more interested and willing after they become aware of the business case for engaging women or options to more effectively engage women. In short, there is a large difference between perceived reluctance due to blind spots versus active resistance due to engrained prejudice. The former is much easier to overcome.



Partner incentives continuum adapted from 2016 SEEP Presentation on Using Ex-Ante Evidence to Promote Gender-Responsive Market System Change

Tool 3: History-momentum-scale

This tool can be used to make initial comparisons of different potential partners before plotting them on the will/skill matrix in Tool 4. It compares their likelihood of collaborating (based on their history and momentum), as well as their potential for scale.

	Potential Partner 1	Potential Partner 2	Potential Partner 3	Potential Partner 4
History: *Track record & performance* ■ Does their track record indicate likely support or resistance to the desired change? ■ How open to change have they been in the past? ■ Are they adaptive/innovative or protectionist/stagnant?				
Momentum: *Where are they going and how fast* ■ Is there recognition or action aligned with the desired change? ■ Is there any action aligned with what we would like to see happen? ■ Are they thinking about it or have they done it in the past?				
Scale: ■ Do they offer a leverage point for achieving large-scale change? ■ How big is their footprint? ■ How influential are they?				

The Springfield Centre's History-Momentum-Scale Tool

Any market actor can be a potential partner for AIP-Rural (input suppliers, collectors, etc.). This matrix looks at the potential partner's willingness and capacity to change, where each axis is a continuum going from low to high. It can be used to identify which players to target or prioritise and the type of support required to change their behaviour. For example, it is often easier to work with partners who exhibit willingness to change even if they may or may not have the capacity to do so. At the same time, we may still choose to target a partner who lacks willingness if we find that the lack of willingness is actually a result of limited information or understanding of a business opportunity or model.

SCENARIO

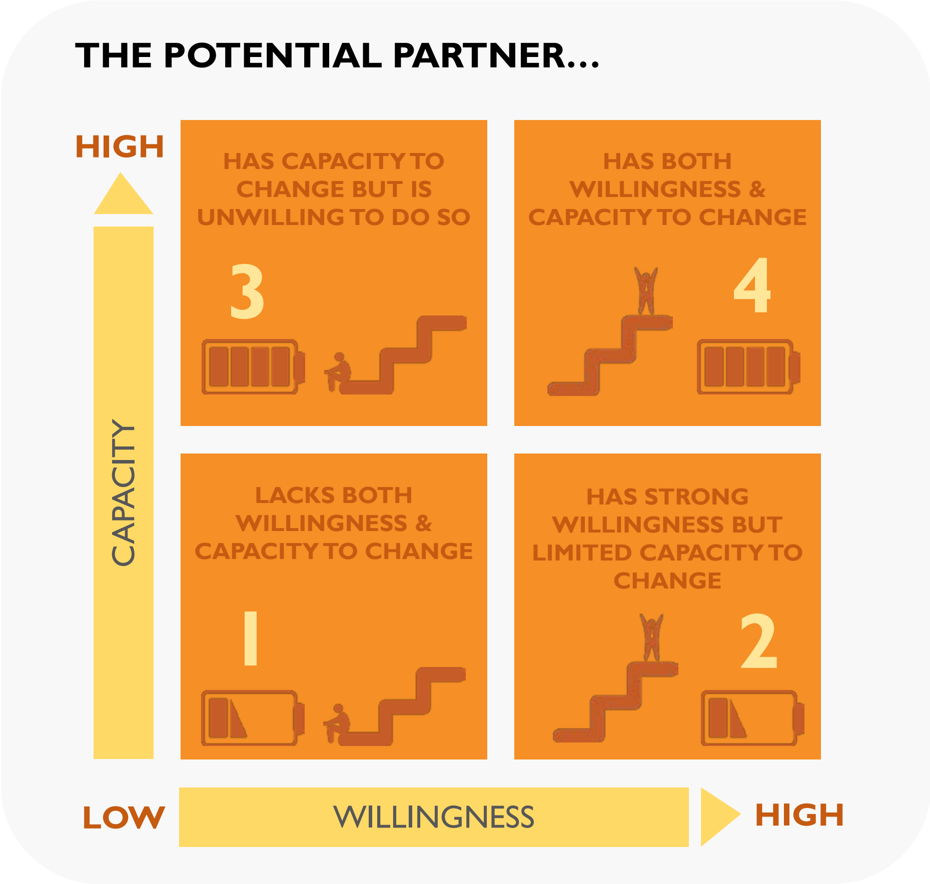
1 **Low will, low skill:** In this scenario, a potential partner lacks both the incentive and capacity to change. Then, why engage them at all?

In some cases, this partner may be the only option (e.g. government body or water user association in the irrigation sector) or this partner may be of strategic importance to the target group and could be instrumental in delivering the desired change. For example, a mango collector could be vital to creating the market for a new chemical that will induce early flowering of mango trees, thus opening up the possibility of off-season production. In this case, this business model is new for the collector, and at the same time, they have no experience with delivering the required chemical.

Engagement options include (1) reconsidering the feasibility of change or (2) using a hard sell strategy to develop the competence and motivation of the partner. Note that intensive support to develop the willingness and capacity to achieve change may have high risks of distorting the market system.

2 **High will, low skill scenario:** In this scenario, a potential partner displays strong incentives and is highly responsive, but their capacity to pursue a change is underdeveloped. For example, a cocoa trader could easily make the connection between better use of fertiliser by cocoa farmers as a way to increase farmer productivity and therefore his turnover. But he may lack the knowledge of how to deliver this in a cost effective way.

Engagement should focus on building the partner's skills and knowledge to operate outside their current comfort zone and deliver the change sustainably (e.g. through advice, training, mentoring, or linkages with market actors that have the know-how).



Adapted from The Springfield Centre's Will-Skill Matrix and Jim Tomecko's Partner Engagement Matrix/Think Tool

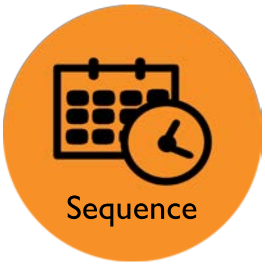
3 **Low will, high skill scenario:** In this scenario, a potential partner appears to have the capacity to change, but their interest and motivation is low. This may be because they do not see an economic return from their investment within a reasonable period of time. For example, a chemical company may have a product that has worked in one agricultural sector but not in one of ours. If we can show that the potential demand is high and of a commercial volume in our sector, then they may be more willing to engage with us as a partner. This was the case in our initial partnership with Syngenta in the mango sector.

Engagement should focus on making the business case for change to the partner or reducing incremental risk associated with change. This may involve doing some market research in order to generate the data needed to convince the partner that there is an opportunity to be exploited. It may also involve co-funding trials around a proof of concept.

4 **High will, high skill scenario:** In this scenario, a potential partner appears to be both competent and willing to change. So, why aren't they already doing it and why should we be involved with them at all? The reason for their lack of action might be a result of dysfunctions elsewhere in the market system, such as the regulatory environment. Alternatively, it could be that they have developed a business model that has worked in one area of the country, but they have not used it in eastern Indonesia. For example, a seed company that has been using contract farming as their business model may be enticed to work with the same model, or a variation of it, in an area that, up to now, they have considered to be pre-commercial.

Engagement options include (1) offering potential partners an opportunity to scale their business model up in pre-commercial areas that focus on our target groups (e.g. minimise their risks associated with moving into a new market) or (2) conducting further analysis on business enabling environment factors that could be tackled through AIP-Rural.

HOW CAN WE EFFECTIVELY ENGAGE POTENTIAL PARTNERS?



The initial deal is an output of building a relationship with potential partners

We need to allow time for relationships to evolve. This means we might have several interactions and meetings with potential partners before we make an initial collaboration pitch to them.

For effective engagement, it is important that we establish our credibility, build trust and rapport with our partners, manage expectations, and are prepared.

Credibility comes from our expertise and how we present ourselves. Key tactics for building credibility include:

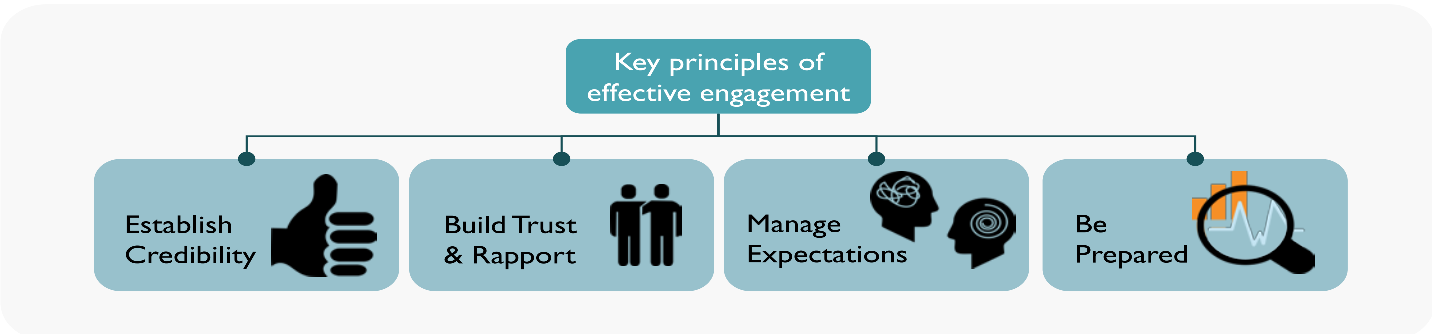
- **Knowing the target audience:** Do background research on the specific individual(s) with whom we will meet.. For example, a financial director may be more interested in the numbers than a marketing director who may want to hear more about promotion tactics or opportunities.
- **Be professional & respectful:** Be professional and diplomatic in all our communications with partners. Also be sure to dress professionally when meeting with them.
- **Acting & talking business:** Use business terminology while discussing with partners (e.g. profit and market share). Do not assume that the business people we are speaking with are interested in "helping the poor" or "women".
- **Presenting success stories:** Talk about our track record and success stories with companies in other sectors. Show evidence of the positive impact on the business of our partners. We may also want to reflect on some of these experiences and share lessons learned through these previous engagements.
- **Leveraging on credibility of sector experts:** Use experts that are known and credible among the private sector to help open doors to companies and decision makers.

Trust is built up through communication, the ability to deliver professional and creative ideas, and flexibility in being able to modify ideas to accommodate the business interests and structure of the firm. Key tactics for building trust and rapport include:

- **Continuously engaging partners in both formal & informal settings:** Invite potential partners for dinner and continue discussions in more relaxed environments. Face-to-face communication is often preferable in Indonesia, and it is common to spend time asking about the other person before delving into business topics.
- **Listening more and talking less:** It is important that partners feel that we genuinely care about them. So take the time to actively listen to them. Understand and appreciate the risks they are taking by making new investments and developing new relationships with poor farmers. Demonstrate a genuine understanding of the challenges they face and recognise the positive steps or contributions they have made or are making.

"It is easy to communicate with my private sector partner because they feel like I listen to them and I am not teaching them what to do. I listen to them to see what area of their business I can fit into [while I] ensure my development goals can also be achieved." –PRISMA Staff

- **Always try to offer something in return:** A meeting should always be a give and take situation. This could include sharing a relevant contact, market intelligence, etc. It can also involve sharing information related to their personal interests.
- **Do not make any promises or commitments that we cannot deliver:** This is about demonstrating reliability by being consistent in what we say we do and what we do. If we have promised to come back to them with some information, then we need to make sure we do this in a timely manner or at least inform them if there are delays.



- **Ensuring business confidentiality:** Make sure to communicate our commitment to protecting sensitive business information and to not reveal any confidential information from other partners during our discussions.

Expectations in relationships can be harmful when they are not aligned or properly managed. Potential partners may have unrealistic expectations especially since the M4P approach is relatively new and most partners are used to direct delivery donor programs (where there do not have to engage pro-actively or where handouts are common). We need to proactively, rather than reactively, manage expectations by:

- **Presenting the opportunity as a co-investment & clearing up confusion as early as possible:** We need to emphasise that partnerships will be reciprocal, temporary, and based on shared benefits. We have limited financial funds, and we do not subsidise business operations. We can use examples or success stories from other sectors or M4P programs to help the potential partner understand more about the approach, process, and potential roles and responsibilities of each party in a partnership. We should also be meeting potential partners at their premises and on their terms.
- **Introducing early on that we intend to work with multiple partners and being specific about ownership questions:** Partners may want exclusivity of solutions provided to target beneficiaries, but this can come in conflict with our objectives of scaling up innovations by encouraging adoption by other market players. A balance needs to be struck between the two during the negotiation process. We also need to be clear that we intend to work with other companies, including their competitors, and what that might entail (sharing evidence of the benefits, potential field visits to demo plots, etc.).
- **Clarifying that we are not market actors:** We neither sell products/services ourselves nor do we earn a profit from partnering with them. Furthermore, we are not hiring them, and we are also not available for hire.
- **Informing them that we have our own KPIs:** Be clear about what we expect to get from the partnership (intervention evidence, outreach and impact, etc.). This can alleviate concerns that we may have ulterior motives in the sector and reinforce how the partnership should be based on mutual benefits.

Preparation is critical for successful deal making. The more preparation, the greater chances of success — there is no such thing as being over prepared! Good preparation allows us to be more confident when speaking with partners, instilling them with greater confidence in our ideas and proposals. On the other hand, if we come across as uncertain or unknowledgeable, this can threaten any credibility or trust that we have built, and we may lose the opportunity to continue discussions. Good preparation involves:

- **Mastering the facts & figures about the sector and business opportunity:** We cannot be fundamentally wrong on the business side. Be equipped with technical information and have a clear picture of the overall opportunity in our mind. Initial market assessments need to be sufficiently detailed to give us a good understanding of the trends, threats, challenges, etc. We also need to have a strong understanding of the demand side story. This means being well-equipped with answers to questions that the private

Tips for mastering the facts & figures

- **Come armed with accurate and well-researched business calculations:** See tip box below on more effective business calculations
- **Come armed with relevant and successful examples:** Where has this business opportunity/model been successfully applied? Understand the key factors for success and the impact on businesses. Use these facts to help build our business case.
- **Be ready to address any potential misconceptions or misunderstanding:** For example, SAFIRA found that banks often associate working with farmers as being a high risk and high transaction cost activity. As a result, a critical part of SAFIRA's interaction with banks is to ensure they are properly educated and informed about the reduced risk and lack of high transactions costs when using agriculture value chain financing to expand smallholder access to finance.
- **Come armed with insights about farmers and other market actors:** Insights from our market analysis can help us make a more compelling case to partners. Don't just assume farmers or women will take every opportunity given to them—opportunities must match their incentives and needs. For example, before making an offer to partners, we may want to do a small demand survey or some action research to gauge interest levels from farmers: How much would they be willing to pay? Why are they or are they not interested in using or purchasing a particular input? etc.

Tips for more effective business calculations

- **Keep it at high level market numbers:** Provide the partner with the number of new clients, additional sales volume, etc. In most cases, they will be in a better position to translate these into revenue and profit. All we need to do is give them a general idea of the size of the potential market or unmet demand.
- **Verify the accuracy of calculations:** Business calculations are only effective if they are accurate. Why not use sector experts to verify our calculations or assist with the financial modelling of more complex businesses?
- **Find relevant benchmarks:** We can use benchmarks from other contexts or countries to demonstrate the potential market size. For example, to estimate the unmet demand for fertiliser in Nigeria, another M4P program looked at the levels of fertiliser usage (volumes per hectare) in other countries and used that as a benchmark.

sector may have about what the current practices are among farmers, why farmers are reluctant to change, what could help facilitate changes among farmers, etc.

> ***Example:*** *Before meeting with an input supplier, one of the teams conducted a small survey of 50 farmers in Ponorogo to see how many farmers were interested in using a particular input and under what conditions. This information was used to provide some initial evidence of demand for the product.*

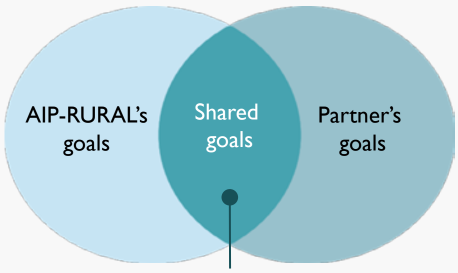
While this is important when pursuing any type of partnership, this is particularly critical when presenting WEE business opportunities. For WEE partnerships, make sure to also master the facts and figures about women's role and contribution in the sector.

- **Understanding the partner better by finding out as much as possible:** We need to really understand their current operations and the incentives and risks at play. By uncovering their underlying interests, we will have a better idea of the factors which may be holding them back from expanding their operations and exploring new innovations. This can help us adapt our engagement strategy and allow for more productive negotiations.

> ***Example:*** *While looking through the annual report of the potential partner, the deal maker noticed multiple references to managing the negative press around one of the company's agro-chemical products. As a result, the deal maker made sure to also couch the initial pitch around the reputational benefits for the company.*

When working on WEE partnerships, this also includes understanding what the partner's relationships and practices are related to women and any barriers (informational, motivational, capacity, etc.) that stand in the way of them adopting practices that are more inclusive of women.

- **Using the partner's context to shape the initial collaboration pitch and build shared value:** Instead of simply imposing our development agenda, put ourselves in the partner's position — if we were the private sector, what is our incentive? what can we give? what do we need? etc. As a starting point, understand what their agenda and strategy is and look at how we can align and integrate our goals into their vision, strategy, and KPIs. Use this perspective to frame our value proposition.



This is the space for dialogue & mutual benefits through a partnership

WHAT BASIC VALUES SHOULD UNDERLY OUR ENGAGEMENT?

Our engagement with partners should be grounded in basic values of **equity**, **transparency**, **mutual benefit**, and **diversity**:[2]

- **Equity** refers to a commitment to justice and fairness when dealing with partners, regardless of their size or power. This means we will hold ourselves accountable as much as we hold our partners accountable. It also means we will uphold and respect each other's commitment while also recognising each other's constraints.

- **Transparency** refers to openness and honesty in working relationships. This is important for establishing trust, which in turn leads to improved accountability and risk mitigation. This means we will not intentionally withhold information from partners. We will also ensure that decisions are made together through open discussions and that we jointly identify areas that require commercial confidentiality.

- **Mutual benefit** refers to our recognition that, in addition to our shared goal, each partner has individual reasons for engaging in the partnership. As a result, we should ensure that the partnership is working towards achieving specific benefits for each partner alongside the shared goal. Where there is mutual benefit, partners are more likely to continue engaging and developing solutions together.
- **Diversity** refers to our recognition that partners may have different values, approaches, systems, and experience that they bring to a partnership. We embrace and respect diversity as an asset that can help us solve problems that we have not been able to unilaterally address.

WHAT ARE THE MAIN COMPONENTS OF AN INITIAL PITCH?

As noted above, **preparation is key for successful negotiations.** A good initial collaboration pitch needs to build on the incentives of the partner and demonstrate the value of the relationship to them. This means that we cannot depend on a standard text when approaching potential partners.

We need to structure each pitch to the individual partner. This requires that we start with a clear understanding of the business opportunity. When combined with a strong understanding of the partner's incentives and capacities, we can tailor our message and ensure that we articulate a compelling value proposition.

A credible pitch will need to address four key questions:

- **What is the business opportunity?**
- **Why should they be interested in this opportunity?**
- **What can they expect from the partnership?**
- **What do we expect in return?**

What are our value propositions?

While not always obvious to our prospective partners, there are numerous ways where we can add value to a partnership. Below is an illustrative list of the value propositions that we can bring to the table.

- Market intelligence capacity (an identified unmet demand, additional supply from the target group, missed business opportunity from not integrating women)
- Strong understanding of the farm level
- Strong understanding of working with women as consumers, agents, field staff, etc.
- Readiness to stimulate target group awareness and demand for a change
- Capacity to think through, try out, and assess new and sustainable business models that deliver change to the target group
- Resources to build the capacity for their personnel to understand and deliver the new business model (including capacity building to engage with farmers or specifically women in the model)
- Cash to pilot test parts of the new business model or to reduce the short-term risks associated with assessing the viability of the model
- Investment risk sharing (e.g. in irrigation infrastructure)
- Ability to broker linkages with our extensive networks (both public and private sector actors)
- Additional credibility with the partner's staff, public institutions, or public officials

When we make the initial collaboration pitch, we should not be going into the specifics of what support we will be offering them. However, we should be able to speak in broad terms about the types of support that we can provide or have provided in other partnerships.

WEE Example: Using Data and "Seeing is Believing" Tactics

One of the seed producers in the mung bean sector was initially reluctant to promote certified seeds through female agents. To demonstrate the business case, PRISMA used a gender study and organised business workshops with potential agents. The gender study provided evidence of the high involvement of women in input purchasing decisions in the sector, as well as data on their receptiveness to new technology and practices. With the business workshops, the team organised two separate sessions for the company—one with potential male agents and another with female cooperatives. The seed producer was able to experience first-hand the differences in motivation between the two groups and reached the conclusion that the female cooperatives were more driven. This interaction also corrected initial preconceptions he had about the financial management capacity of women.

Defining the WEE Business Opportunity

Not all partnerships are equally or immediately relevant for WEE. However, where it is relevant, we need to be clear about the business opportunity around engaging women. By not pursuing gender inclusive business practices, the partners may be missing out on:

- Women as an important customer segment
- Improved productivity/efficiency
- Improved quality
- Improved service or supply chain reliability
- New markets (e.g. international orders)
- Diversification of distribution channels
- Enhanced reputation or brand recognition
- Untapped or under-utilised female employee talent

See **Tool 5** for examples and suggestions of how to prepare for the questions above and frame the initial collaboration pitch

WHO SHOULD WE ENGAGE WITH WHEN MAKING THE INITIAL PITCH?

Getting buy-in from high-level executives in the company is often important for ensuring a successful deal and for future sustainability of the changes we are trying to get them to adopt. However, it is not always easy or necessarily the best strategy to go straight to the top.

We should try to understand the structure of the company and the different levels of decision makers. We should also build off our initial contacts to identify the most relevant entry points in the organisations. These tend to be **individuals within the organisation who are:**

- **receptive to engaging with us**
- **considered to be forward thinkers, innovation leaders, or visionaries**
- **highly influential over decisions made in the company or capable of mobilising support**

These individuals will have the strongest incentives to engage with AIP-Rural and to champion the partnership opportunity.

We can draw on our initial analysis of leadership capacity **(Tool 1)** to help us identify potential champions. It will, however, not always be easy or apparent who has true strategic value in an organisation. As a result, patience and repeated interactions will often be necessary to identify an appropriate champion.

If this is an existing or former partner, we should coordinate with our colleagues to identify who we should target for the initial pitch. In some instances, it might make sense to make the pitch at our colleague's next scheduled meeting with the partner's management.

Example: *SAFIRA partners with selected banks to develop and formalise value chain financing. One of the decisions the team has to make for each partnership is which level they should approach (national, regional, provincial, etc.). Each level has the authority to make decisions up to certain budget levels, and it is often easier and less bureaucratic to develop a partnership with the regional or provincial level of a bank. While this can make it easier to form an initial partnership, there are also implications in terms of scale and degree of influence on the bank's wider operations. In practice, SAFIRA's first generation partnerships have targeted the provincial and regional levels of banks, and this has implications as to who SAFIRA engages when making the initial pitch. If the proof of concept is successful, the intention is to present the opportunity to the national level in the next generation. This will require identifying different entry points for engagement.*

WHO SHOULD COMMUNICATE OUR INITIAL COLLABORATION PITCH?

Just as it is important to think through who to target within the company, we should also consider who will be the best communicator of our initial collaboration pitch to the firm. This will depend on the size of the organisation, the seniority of the individual we are engaging, and the experience of our deal maker.

We should be putting forward deal makers who are persuasive, personable, and able to inspire confidence among potential partners. They should have a deep understanding of the business opportunity, as well as the overall sector. It is important that our deal makers are experienced or have at least shadowed more experienced deal makers before making their first pitch to a potential partner.

Where relevant, bring in management to lend more credibility. For example, when pitching to the director of a large firm or multinational company, we would typically want a member of the

AIP-Rural management team to be present. We can also bring a sector expert with us during these deal making negotiations to bolster our credibility.

WHAT IS THE NEXT STEP AFTER THE INITIAL COLLABORATION PITCH?

We would want an indication from the potential partner (whether it is from the champion, mid-level management, or in the "best case" scenario the senior management) that they agree to proceed with further discussions around this partnership opportunity. This can be a simple verbal agreement to continue exploring the collaboration and to move into the next phase of discussing the business model and broader strategy. Depending on the potential partner, we may proceed directly into Stage 3 in the same meeting or choose to schedule a separate meeting to discuss the business model and broader strategy. In some cases, we may agree to jointly conduct action research before deciding whether or not to move into Stage 3 of the partnership discussions.

At this point, we may also want to determine who the focal point(s) should be for on-going engagements. Depending on the firm, this may involve determining two separate focal points — one for decision making and one for day-to-day communications as we work together to define the business model, etc.

However, not all pitches will be successful, and we need to be prepared to walk away if potential partners show limited interest. But, in this case be sure to maintain good terms and keep the door open for future collaboration.

Action Research

These can be mini-pilots or experiments to (1) gauge the commitment or capacity of the potential partner and/or (2) generate information necessary to continue the partnership discussion. In some cases, we may conclude that the opportunity or potential partner is not viable.

Example in ICT/soybean sectors: *For the scale-up strategy of BASF's soy doctor intervention, the team is exploring options to develop an ICT platform that would allow BASF to more cost-effectively provide embedded information to farmers. The intention is to partner with an ICT company and to develop a commercially viable ICT platform.*

There are a number of unknowns (e.g. around the viability of the product and ICT company) which need to be tested before getting approval for the intervention and proceeding to the next steps of the deal making process. As a result, the team has developed a short MOU to conduct action research (with a maximum budget of AUD 20,000) with a prospective ICT partner.

Example in mung bean sector: *The mung bean team has signed two Letter of Intents with EWINDO and is engaging in an action research phase with EWINDO. The first letter of intent stated EWINDO's interest to venture into the mung bean seed business, with PRISMA's facilitation support. The second letter of intent captures the roles and responsibilities of each party in conducting further market research and seed trials. Based on the results of the research and trials, they will decide whether or not to proceed with a partnership in the mung bean sector.*

Tool 5: Framing the initial collaboration pitch

Question	Preparation	Generic examples
What is the business opportunity?	■ Understand the market, constraints, & opportunities ■ Prepare business calculations & a compelling business case (see box on business calculations)	Opportunities may be around: ■ Expanding coverage of existing pro-poor products or services (e.g. to another geography or commodity sector) ■ Adapting existing products or services for smallholder farmers (or more specifically for female consumers) ■ Developing or introducing new (potentially women-friendly) products or services ■ Re-orienting supply chains to respond to opportunities in lower income or female consumer market segments
Why should the partner be interested in this opportunity?	■ Assess partner's willingness & capacity (use Tools 1-4)	■ Advances their company strategy ■ Provides additional profits, market share, recognition
What can they expect from the partnership?	■ Assess partner's willingness & capacity (use Tools 1-4)	■ Risk mitigation ■ Knowledge transfer ■ First mover advantage
What do we expect to get in return?		■ Evidence of benefits ■ Information for decision making ■ Outreach and impact (higher income for significant numbers of farmers in eastern Indonesia)

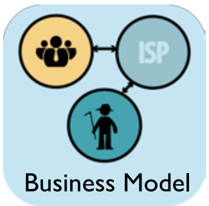
Tips for effective engagement on WEE

WEE is often unchartered territory for many companies, where inherent resistance can be strong. As a result, how we communicate our pitch can be even more critical than regular deals. Our emphasis should be on showing them how they are missing out on a business opportunity, what could be done to take advantage of that opportunity, and how we might be able to support them with that. In addition to the key principles for effective engagement outlined above, here are a few specific tips for engaging partners on WEE:

- **Emphasise the business case, not gender targets:** Gender inclusion in deal making needs to make "business sense." It is not about incorporating women into the partnership because AIP-Rural has gender objectives. There are plenty of untapped business opportunities for WEE. As a result, we should be seeking out strong, genuine commercial cases rather than artificially framing social opportunities as commercial ones. We should also avoid using development jargon around female empowerment, gender equality, gender targets, etc. Instead, focus on presenting viable business opportunities and use business terminology (increased sales, lower costs, improved service reliability, etc.) which is familiar and compelling to partners.
- **Understand the potential partner's arguments against gender inclusive practices:** For example, there may be entrenched views on the role of women or even some limited evidence on women having lower levels of trust in technology. By identifying and understanding these viewpoints, we can develop a strategy to counter or manage them.
- **Use targeted evidence and data to support the business case:** Evidence needs to be grounded in the local context and specific to the sector. It also needs to be tailored to the potential partner (e.g. using it to address reasons behind their current, non-inclusive practices). This information should first and foremost be convincing about the business case – i.e. not be social research. However, sometimes softer information (e.g. women are uncomfortable about buying from certain 'male' trade centres) can be crucial for making the case. Use a good blend of quantitative and qualitative data in a manner that is convincing for the case. Also, make sure our business calculations around net gains account for any additional costs involved with targeting women.
- **Generate data to support the WEE business case <u>before</u> meeting the potential partner:** We may need to generate tailored evidence or repurpose available data. Beyond secondary sources, remember that our value addition as market systems advisors is often our rich field experience. We have a lot of knowledge about working with sectors from earlier cases and a wealth of data we can tap into. Don't forget that partners themselves hold much more data than they even know they have (e.g. on sales, or via field agents, etc.). Overall, come up with a lean strategy for how to efficiently use different data that already exists. Avoid starting from scratch! This does not need to be a long, arduous, and costly task. Potential sources of data include: gender focus group discussions, existing impact assessments, demand surveys, etc. If relevant, we may also want to conduct an initial mapping to identify the most active and entrepreneurial female groups in target geographies. The local departments of women empowerment (Dinas Pemberdayaan Perempuan) can be a good source of information, particularly for the initial mapping of female groups.
- **Do not assume (or over-estimate) awareness of women in their supply chain or consumer base:** Even where the potential partner's product is predominantly purchased by women, they may not be aware of their female consumer base. Make sure we have the data to demonstrate the importance of women in their supply chain or as a key customer segment.
- **Use "seeing is believing" tactics when engaging potential partners:** This could be as simple as showing the potential partner pictures of women in their retail shops to reinforce the importance of women as their main consumer base. It may also involve organising exposure visits or gender focus group discussions for the potential partner so that they can see the opportunity for themselves. Another option is to conduct joint research or small-scale comparison tests of women and men target groups. Think tactically about what will convince the particular partner (the statistics, the case, the story). This is different in every case.

Stage 3: Agree the business model & broad strategy (high-level activity plan)

WHAT IS A BUSINESS MODEL?



The business model shows how different market actors can work together to sustainably deliver the change that we envision for the market system. We can visually summarise the business model with a simple diagram. A good model builds on the incentives and capacities of each market player in the model while also bringing about discernible benefits for the poor.

HOW DO WE DEVELOP AND AGREE ON A BUSINESS MODEL?

The process of developing and agreeing on a business model is highly iterative. It requires patience, continuous discussions with the partner, and time to strengthen understanding and confidence in the proposed model. The partner will have a large influence on how the business model will function.

Partners will often have a good understanding of what will or will not work in their market (although this is less likely to be the case when dealing with WEE). For example, they may have ideas on which market actors may be better as intermediate service providers in the model. Their inputs can also be important for preventing costly mistakes or for ensuring large scale outreach.

In short, while we would have prepared an initial business model as part of the Intervention Concept Note (ICN), it is important to work closely with the partner to validate the business model. To do this effectively, **we will need to ensure that we:**

- **Understand the existing strategy and business model of the partner**
- **Understand the incentives and capacities of each actor within the proposed model**
- **Remain open, flexible, and creative while also keeping our development goals in sight**
- **Understand that delivery has to be sustainable and in best cases leads to crowding in and systemic change.**

This is also critical for when we craft the broad strategy and negotiate the details of the partnership.

For WEE partnerships, it is important that all members of the partnership are convinced by the WEE business case and able to articulate from a commercial standpoint why and how women are being integrated into the business model.

Understanding the current strategy and business model of the partner is an important starting point for developing and iterating on a new business model. We need to be aware of how our partner currently operates in order to play on the strengths of the partner, understand what changes are required, and ensure alignment with their overall strategy and KPIs. Are the changes we are proposing going to cannibalise their core business? Are we asking too much of them? Can we achieve our objectives through incremental steps or will it require significant changes? In some cases, it can be helpful do a pre-assessment in the field to gain a better understanding of their current business model and practices.

Example: *The vegetable team conducted a pre-assessment in the field to understand the business model of PT NASA and their approach to marketing. This included quick sessions with successful NASA distributors in West Java to discuss the constraints they face.*

Understanding the incentives and capacities of each actor within the proposed model is equally important since we are seeking to change the relationships between various market actors in the system. Not only do we need a clear sense of the incentives and capacity of our partner but also of each actor in the newly proposed model — farmers, intermediary service providers, etc. This understanding will help us make the business case to each of the main actors involved in the model.

Example: *Collectors are buying maize from farmers, but in our proposed model, we believe that it would benefit the collector to go the extra mile to provide farmers with information. Why would the collector want to spend more time at each farm to do this? Perhaps they want to establish better relationships with farmers to reduce the chances they will sell to another collector. Our work is to understand what the business case is for the maize collector and to make sure we sell the idea to him as well.*

Remaining open, flexible, and creative while also keeping our goals in sight will be important for securing the buy-in of our partner in the proposed model while also generating the impacts we require. If we are driving the development of the business model, we risk reducing the partner's ownership of the change process and threatening the sustainability of the innovations. We should remain open minded and resist entering discussions with fixed views of the model. We should also be using creativity to expand the options for a solution. Finally, we should be firm on principles but flexible on the details.

Example: *PRISMA is collaborating with PT. NASA on the development of a mobile app to improve agricultural knowledge of NASA's distribution agents. The app will also provide inexpensive and effective promotional materials to be used by NASA's agents. The concept evolved significantly from the initial pitch made by the team, which had a narrow focus on pest and disease management for a single crop. In the initial six months, the team tried to push their original concept and the interaction was largely one-sided. They then realised the importance of listening more to the partners and being flexible around revising the concept and app design based on NASA's actual needs and pain points. During this process, they discovered why NASA was experiencing difficulties expanding to other provinces and revised the concept to also improve the efficiency of how NASA does business.*

WHAT IS THE BROAD STRATEGY THAT WE NEED TO AGREE?

The broad strategy (or high-level activity plan) builds off the proposed business model and involves **defining the:**

- **headline activities**
- **desired outreach target**
- **timeframe of the partnership**
- **overall roles/responsibilities of the partner and AIP-Rural**
- **information needs and parameters for business confidentiality**

A preliminary results chain helps to guide our negotiations around the broad strategy

The results chain captures the causal logic of the intervention, including what we want to achieve through the intervention, what we would want the partner to do, and what support we intend to offer. It should show us how we expect the intervention to unfold as we move from activities to impact.

We should have already prepared a *simple* internal results chain as part of the ICN and should use it to inform our negotiations in this stage, but not share it with the partner. This results chain will likely change.

Use it to ensure we are designing activities that lead to the changes we want to see at the farmer level.

The **headline activities** needed to implement the business model will vary from one intervention to another. Below is an illustrative list of the types of activities that AIP-Rural could conduct when working with firms to expand product outreach, improve current products, and/or develop new products.

SUPPLY GENERATION

- **Market research & studies**: Cost-benefit analysis of consumer, consumer behaviour studies, market segmentation, commercial or technological feasibility study, supplier study, ISP identification study, mapping of entrepreneurial women's groups
- **Strategies/plans:** Procurement strategy, distribution plan, distribution strategy to reach women, ISP engagement plan, product packaging design briefs, strategies for outgrowing operations
- **Technology transfer/new product development:** TA, learning visits
- **Capacity building for systems or processes of partner, intermediary service provider, or input supplier:** TA, training modules
- **Linkage facilitation**

DEMAND STIMULATION: PRODUCT MARKETING AND SOCIAL MARKETING

- **Strategies/plans**: marketing plan, marketing strategy for targeting female consumers, consumer education strategy
- **Education & promotional materials:** radio, print
- **Education & promotional events**: demonstrations, farmer expo, field day, farmer exchange visit, farmer competition, farmer forums, farmer meetings, consumer education campaign
- **Capacity building of farmer:** learning centre, training

The **outreach target** will depend on various factors including the number of farmers in the target area, the capacity of our partner (production capacity, reach of their distribution network, etc.), and willingness of the partner to rapidly expand. Agreeing on an outreach target can be challenging. AIP-Rural typically wants to reach more farmers in a short timeframe and usually has more ambitious targets than private sector partners, who often prefer more incremental steps.

As a result, we will likely have to negotiate with partners on the outreach targets. As we push for higher outreach numbers, we need to make sure these targets match the company's capacity. We can also look at starting with smaller pilots and building in higher outreach through the scale-up phase.

It can also be helpful to frame the outreach targets from their business perspective. For example, we can translate outreach numbers into sales targets for the company.

Stage 3: Agree the business model & broad strategy (high-level activity plan)

The **overall timeframe** will depend on the sector, as well as the culture, mindset, and education levels of beneficiaries and other market actors involved in the model. In general, most interventions will have at least 1-2 seasons for piloting and at least 1 season for scale-up.

We may need to have a longer pilot phase if the innovation is untested or where farmers are unreceptive to change. For example, the widespread emergency mindset in provinces like Papua might mean that it would take longer for an innovation to take hold there.

Overall roles and responsibilities between AIP-Rural and the partner must be agreed around each of the headline activities. Just as we assessed our partner's overall capacity and willingness to engage in a partnership, we also need to be aware of their capacity and willingness to lead on the various headline activities. In some cases, we may find that the natural home of an activity would be better placed with AIP- Rural. These tend to be one-off activities which AIP- Rural could be responsible for leading and implementing without threatening the future sustainability of the business model.

Tools

Use **Tool 6** on who does and who pays during the project and in the future to determine whether we have considered all the necessary headline activities and who will have overall responsibility of leading these activities.

Information needs and parameters for business confidentiality need to be discussed upfront and incorporated into our written agreements. It is important that we build results measurement (RM) into our overall strategy and help them understand how RM can benefit them. This requires that we understand their existing KPIs and what information they already collect. This might involve developing a set of KPIs for the partnership and/or providing additional support to improve their MIS systems (e.g. to incorporate _business_ metrics that could allow them to better tailor their market to women).

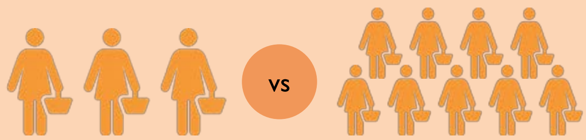
Being explicit and agreeing specific information requirements from the beginning is important for ensuring that we will have access to the precise information we need to monitor progress; make timely and effective decisions; and capture evidence of the viability of the model/opportunity. This will include not only data after our intervention has started but also key baseline indicators (sales, number of distributors, etc.).

We also need to discuss what information is business sensitive and should be treated confidentially and how we intend to use or repackage information to showcase the success of the intervention and/or develop a business case around the opportunity. Early discussions around information requirements and business confidentially will be key to maintaining trust and good relationships with our partners as we progress into implementation.

Example: *For one partnership, the written agreement noted that the partner would share sales information with PRISMA. It was only during the implementation phase that the team realised that the partner had a different understanding of what that meant. The partner was sharing sales information related to the promotional events under the partnership but not wider sales information (i.e. indirect sales) which the team would need to assess the impact of the intervention. From this experience, they learned that they would need to be even more precise about their information needs during the deal making process.*

Outreach for partnerships involving WEE:
Help businesses mitigate risk by starting small

WEE partnerships often require much more innovation and tend to be perceived as being higher risk and/or lower gain by partners. Many businesses are unlikely to agree to large-scale inclusion of women until they have tested the inclusion of women in their business strategy. As a result, piloting with smaller outreach targets will at times be necessary to mitigate the risk for partners. If successful, we can then work with partners to scale-up the initiative in subsequent partnerships.



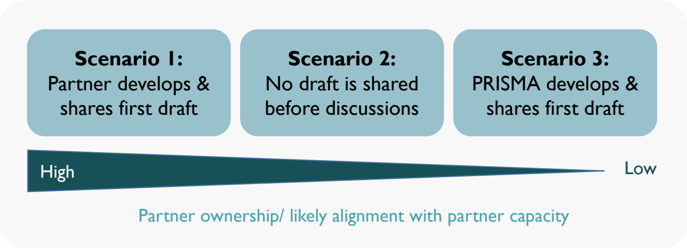
WHO SHOULD TAKE THE LEAD ON PREPARING THE BROAD STRATEGY?

This can happen in parallel or after our discussions around the business model and is often a fluid on-going process. There are three basic scenarios that could happen before we have joint discussions on the high-level activity plan:

- **Scenario 1:** Partner takes the lead to develop and share a first draft
- **Scenario 2:** No draft is shared between AIP- Rural and the partner in advance of discussions
- **Scenario 3 AIP-**Rural takes the lead to develop and share a 1st draft.

Stage 3: Agree the business model & broad strategy (high-level activity plan)

We should encourage the partner to be more active and lead the process of developing the high-level activity plan if they are interested to do so. This can ensure greater buy-in from the partner and that the proposed strategy is better matched to their capacity. This can also reveal whether our understanding of the business model is aligned.



Once the partner has developed and shared a first draft, we can then have joint discussions to iterate on the draft. This is when we can ensure that our outreach goals are met and that we have sufficiently taken into account issues around sustainability. While mindful of the partner's capacity and willingness, we should also encourage them to take on more responsibility where possible.

The second best alternative is to have the joint discussions around the high-level activity without having shared a draft activity plan in advance. This requires good preparation and strong facilitation skills to ensure that the discussion results in a clear plan.

Whether or not the partner takes the lead and shares a first draft or if no draft is shared in advance of discussions, we should always be well prepared. This means taking the time to develop our own draft which we can use as a tool to guide negotiations.

WHAT IS THE NEXT STEP?

We would want agreement from the senior management of the partner before proceeding to negotiate the specifics around the detailed activity plan and budget.

Tool 6: Who does? Who pays? during the project & in the future

This tool can be used to support both Stage 3 (agree the business model and broad strategy) and Stage 4 (agree the detailed activity plan and budget). In Stage 3, it can help us think through whether we have considered all the necessary headline activities and who will have overall responsibility to lead these activities. In Stage 4, we can also use this to help us develop the detailed activity plan and determine how costs will be shared.

PRESENT				
Activities (or Tasks)	Doing	Paying		If the activities are required more than once in the project, will it be on the same term?
	Who will do this during the project/	What costs are attached to this activity during the project?		During stage 4 also make note of which Activities or Tasks are best paid through agreed output based payments and which should be reimbursed?
		To be paid by AIP-Rural	To be paid by partner	
	▪			
	▪			
	▪			

FUTURE						
Activity (or Tasks)	Doing			Paying		What do we have to do during the intervention to make this happen?
	Does this activity need to be done in the future?	If yes, who will do this activity in the future?	What are their incentives to do this in the future?	Who will pay for this in the future?	What are their incentives to pay for this in the future?	
	▪	▪	▪			
	▪	▪	▪			
	▪	▪	▪			

Adapted from Swisscontact Indonesia & The Springfield Centre

WHAT IS THE DETAILED ACTIVITY PLAN?

Once the business model and the high-level activities are agreed, the next step is to break down each of these broad activities into smaller, more actionable steps. This forms the basis of the detailed activity work plan, which provides the specifics around **what needs to be done and how it should be done in the implementation phase.** We can visually represent this in a Gantt chart.

As with all plans, this is a detailed map of how to proceed given the information that we currently have, and this is likely to change during the implementation phase as we integrate learnings from our activities and adapt to dynamic market conditions. For example, at present, we might think SMS blasts are the best promotional tool to reach our target group, but in the future, there may be evidence that other techniques work better. Also, be aware of activities that could potentially distort the market.

A detailed activity plan typically maps out

- **Tasks:** What are the detailed tasks necessary to execute each activity?
- **Timeframe:** How much time is required for each activity or task?
- **Sequence:** Which activities or tasks should be prioritised? How should activities or tasks be sequenced?
- **Timelines:** When does each activity or task begin and end? Have we taken into account the crop calendar?
- **Responsibilities:** Who will be leading (doing) the activity or individual tasks? Who will be paying for the activity or individual tasks?

In addition to the questions above, **we need to think through the details how each activity is delivered**. Illustrative questions are provided below for common activities such as trainings or demo plots.

Examples of questions to ask when developing the detailed activity plan around the following types of activities	
Note: We may not have all the answers initially (e.g. where exactly to set up the demos), but since we will eventually need to know these answers, we may want to build this into our activities (e.g. include an activity to identify demo plot areas).	
Training	■ **Objective:** What is the objective and content of the training? ■ **Content development & delivery:** Who will develop the training material? Who will deliver the training? Will the content be the same in each training or will the content build off the previous training? ■ **Number and size of trainings:** How many trainings will there be relative to the number of beneficiaries that are being targeted? What is the average size of each training? Will there be multiple cohorts (e.g. if each training session delivers the same content) or one cohort? ■ **Target group & demography:** Is the training for farmers, ISPs, etc.? Is it for males, females or both? Is it for actors belonging to a particular geography/farmer group/etc.? How many potential beneficiaries are you intending to reach through the trainings? ■ **Communications about the training:** How will actors be informed about the training opportunity? ■ **Logistics around training:** Where will the training be held? Is this location accessible? When will it be held? Who will organise the training?
Demo Plot	■ **Objective:** What is the objective of the demo plot? ■ **Number and size of demo plots:** How many demo plots will there be relative to the number of farmers that are being targeted? What is the average size of each demo plot? ■ **Logistics around the demo plot:** Where will the demo plots be located? Are the locations accessible? When will the demo plots be established? Who will organise the demo plots? ■ **Events associated with demonstration plot:** Will we have farmer field days, farmer meetings, etc.? If so, how frequent and how many participants are we targeting through these events? When will the events be held? Who will organise them? ■ **Target group & demography:** Is it for male farmers, female farmers, or both? Is it for farmers belonging to a particular geography/farmer group/etc.? ■ **Communications about the demo plot & events:** How will farmers be informed about the demo plots & associated events (leaflets, village announcements, etc.)?

Example: Distorting the market through free samples

In the initial mango sector partnership with Syngenta, PRISMA had agreed to fund free samples of the early flowering technology (Paclobutrazol) for farmers. Unfortunately, this created an expectation from farmers that they would receive free samples whenever PRISMA was involved in a promotion event. Retailers started experiencing difficulties selling Syngenta's Paclobutrazol product because farmers kept waiting to receive more free samples. This also resulted in declining sales for a number of Syngenta's competitors, who were also supplying their own Paclobutrazol products to the market. Retailers became reluctant to stock Paclobutrazol products as they were worried that free samples would be given in their area. Learning from this experience, PRISMA is now more selective in the kind of support we give to our partners. In the specific case of the mango sector, we no longer support free samples for farmers.

Use **Tool 6** on who does and who pays to think through some of the aspects of the detailed activity plan. It can be particularly helpful for thinking through issues of sustainability and whether additional support is needed to ensure the capacity and willingness to continue activities that are required for the future functioning of the market system.

WHO SHOULD LEAD ON PREPARING THE DETAILED ACTIVITY PLAN?

If the partner is eager to prepare an initial draft, we should not hesitate to let them take the lead. Where we are leading the process, we need to ensure that we are open and flexible when discussing the details with the partner. In either case, we should have prepared our own draft of the detailed activity plan before organising a workshop with the partner to finalise the detailed activity plan.

Whether a partner is likely to take the lead will depend largely on the capacity of the partner. For larger companies, they may be more interested or able to develop the detailed activity plan. For smaller companies, we would typically take the lead in preparing the detailed activity plan as this can be an intensive activity that requires significant thought and planning.

WHAT IS THE BUDGET & WHY WOULD WE COST-SHARE ACTIVITIES?

The budget estimates costs as accurately as possible for each of the activities set out in the detailed workplan. It is essential that there is an agreed budget and that both AIP-Rural and the partner are clear on their respective areas of investment.

Cost sharing refers to when AIP- Rural partially covers the costs of activities in order to facilitate market actors to change their behaviour. This could involve:

- Incentivising partners to try something new

Determining the type of written agreement and basis of payments

This can be discussed in earlier stages of the deal making process, but it needs to be agreed before we move into discussions around budgets and cost-sharing.

Refer to the ***Partnership Agreement Guidelines*** on the available options. Also make sure to speak with the contracting team when developing the milestones.

There are several parameters that we should be aware of:

- AIP-Rural contributions can either be made through direct payments to vendors, by reimbursing partners for agreed costs, or agreeing to output based payments for some pre-agreed activities/tasks.
- No advances (to the Partner) are allowed.
- Milestones will be used for all outputs based payments and reimbursable costs may be invoiced on a regular (e.g. monthly) basis depending on the financial capacity of our partner.

- Reducing their risk of doing something new
- Temporarily reducing their investment (but preferably not their recurrent costs) for doing something new
- Developing their competence to do something new and sustainable

Each cost-sharing agreement is unique and is reached through consultation and negotiation with our partner.

WHAT CAN AIP-RURAL FUNDS BE USED TOWARDS?

Ultimately, our goal is for the partner to lead and fund the change as part of their own revised business model.

As a result, we do not want to subsidise their transaction costs with the target group or use our funds towards things they would have done anyways. We want to avoid paying (and performing) activities that are part of their current day-to-day operations or activities that will be central to continuing the behaviour change in the future. Our support should instead focus on transformational one-off activities or activities that provide an initial big push to encourage partners to continue performing and investing in the new way of working.

Also, just because we *can* fund something does not mean we *should* fund something. This needs to be customised for each intervention and partner. We should ensure additionality in the activities we fund (i.e. that we are not replacing funds that the partner already has for a particular activity).

The following table outlines a number of items which we cannot fund or which need a strong justification for AIP-Rural to fund.

Needs strong justification	Never justifiable
■ Recurring operational and working capital costs of partner, including personnel ■ Physical assets, e.g., buildings, machines, or infrastructure ■ Free discounted samples ■ Inputs manufactured by the partner for use on demo plots	■ Management fee ■ Subsidised credit for farmers

Use **Tool 7** along with the tables above to determine what we can fund and under what circumstances we may fully fund, cost-share, or cost-share on a sliding scale.

Additional tips for MOUs: Match our internal capacity to the items we are funding

With MOUs, there is no transfer of funds between PRISMA and the partner. As a result, some activities will be self-implemented and funded by PRISMA while other activities will be implemented and funded by the partner. It is important that the activities we fund match our internal implementation capacity.

Through experience, teams have learned that logistical activities (e.g. arranging meals, farmer transportation fees, meeting venues, invitations) can require significant investment in time and resources, which they often do not have. Make sure to take that into account when determining who should fund/implement particular activities in the MOU.

Example: Potential justification for co-sharing or fully-funding irrigation infrastructure

While irrigation providers are usually willing to pay for irrigation equipment (e.g. pumps, related accessories, diesel engine or electric motors), they are often reluctant to invest in the canal infrastructure because of the high costs and risk. To recover their investment, they need to secure long-term contracts around the provision of water to villages. Typically, contracts with villages are between 3-5 years, and there is no guarantee that they will be renewed. This increases the risk for the irrigation providers and reduces their willingness to invest in the canal infrastructure. In such a scenario, we can potentially justify co-sharing or fully-funding the canal infrastructure.

HOW DO WE ENSURE WE RIGHT-SIZE OUR CONTRIBUTIONS?

It is important to right-size our contribution because too little support could result in a failure to change behaviours in the market system while too much support may undermine sustainability — for example, if the intervention is seen as being owned by AIP- Rural. When determining when and how much to contribute we should:

- **Aim to keep contributions minimal:** The best deal is when our partner takes the ideas that we have presented and decides to finance it themselves. We should be compli-menting rather than substituting partner contributions.
- **Be strategic:** Be clear about the objectives of our contributions and determine who will pay and undertake services when our contributions end.
- **Do no harm:** Be wary of giving unfair advantages to one player over the other, eroding ownership, creating

dependency, or diminishing incentives to pursue change independently.

Key factors affecting the absolute or relative value of our contributions

There is no formula to determine how much we should contribute, but there are several factors we should consider:

- **Partner's financial capacity:** A start-up or small company will likely have less financial resources for additional investments.
- **Risk profile of partner:** The business track record, age of the company, reputation, legal status, etc. might give us an indication of whether we would be comfortable entrusting them with more funds.
- **Perceived risk of the intervention:** This depends on the type of intervention, whether the concept is tested or untested, and the current capacities of the partner. If we are expanding the geographic coverage of the firm's existing product, this may be less risky for the partner than asking them to introduce a new product that is outside their current core competence or to integrate women in their supply chain or business practices.
- **Anticipated impact/outreach:** This relates to the potential development benefits that we can expect from the partnership.
- **Sustainability:** If many of the activities are one-off activities and not required in the future, we can justify a higher intensity of support. We can also justify higher contributions if our contributions are diminishing over the lifetime of the intervention.

Right-sizing contributions for WEE partnerships

Given the innovative nature of WEE initiatives for many partners, it is likely that our contribution will be larger for the initial deal. This is often necessary to mitigate the perceived higher risk and/or lower gains by partners and to help us build a stronger evidence base around the inclusion of women.

Rule of thumb: Start by trying to get 100% partner contribution but if it goes below 50% speak to management.

WHAT CAN BE COUNTED AS PARTNER CONTRIBUTIONS?

When calculating the partner's contribution, we should include only investments — or in other words, additional resources spent by the partner towards achieving the goals of the partnership. The table below summarises some of the key costs that can and cannot be counted by the partner.

Allowed: can be counted towards partner contributions

- New personnel for the partnership
- Existing personnel that have been *fully* reallocated to the partnership/partnership goals
- Assets purchased or rented for the partnership
- Consultants for partnership activities
- Operation costs towards the partnership (all costs related to the new personnel, travel, etc.)
- Raw materials (including samples provided to farmers) for partnership activities
- Loans from the partner to farmers or ISPs for partnership activities
- Direct activity costs

Not allowed: cannot be counted towards partner contribution

- Management fees
- Staff & management commitment from existing personnel (except if the staff or manager has been fully reallocated to the partnership/partnership goals)

Refer to **Tool 8** for a more detailed breakdown on the precise cost items that can be included as part of the partner's contribution

WHO SHOULD LEAD ON PREPARING THE BUDGET?

We can take the lead in preparing the draft budget but should encourage the partner if they are willing to do this.

General rules for budgeting & costing

- **Currency:** Budget should be in IDR (discuss with Head of Operations and Finance for any exceptions).
- **Valuing assets:** Use the market or current resale value of the asset. There's no need to account for depreciation, or write-off.
- **Tax:** Incorporate taxes in partner's contributions.
- **Valuing goods manufactured by partner:** These should be valued at cost. This figure may be difficult to obtain, in which case we should take the retail cost and deduct a reasonable margin.
- **Keep contributions separate:** Avoid splitting single transactions between the partner and AIP-Rural. Instead reallocate across budget lines so that each receipt corresponds to either AIP-Rural or the partner.

WHAT IS THE NEXT STEP?

Once the approved budget and detailed activity plan is agreed with the partner the deal making process is complete.

Don't rush the process — take the time to make sure they understand and buy-in to the partnership before signing an agreement. This includes making sure there is clarity around (1) the business opportunity, model, and strategy; (2) roles and responsibilities, activity plan, and budget, and (3) information sharing requirements and partnership confidentiality. The immediate post-deal phase involves preparing and signing a written agreement.

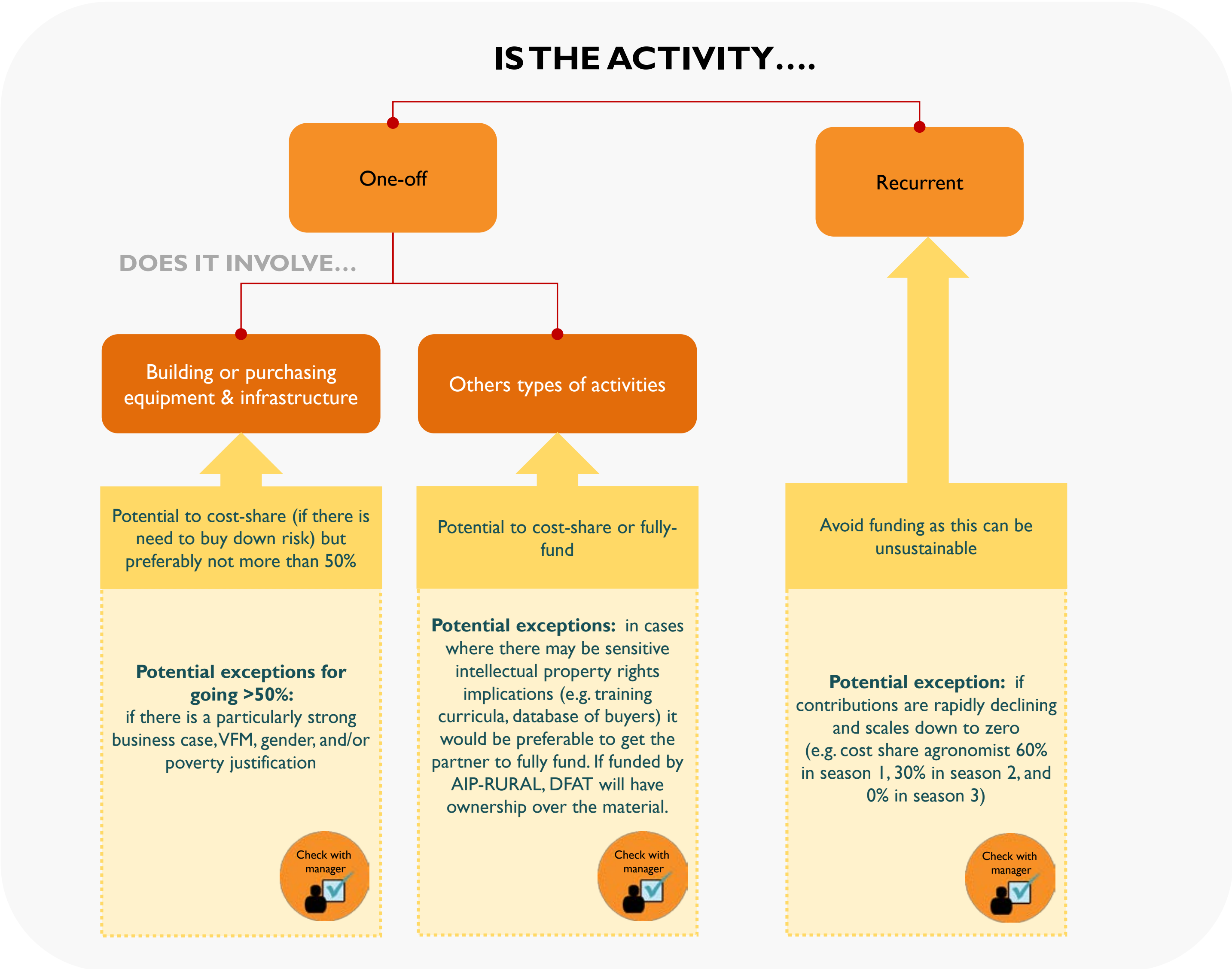
*Please refer to the **Partnership Agreement Guidelines** for issues pertaining to the preparation and ongoing management of written agreements.*

Written agreements for WEE partnerships

The written agreement should be an enabler of the relationship and should not impose artificial WEE targets onto partners:

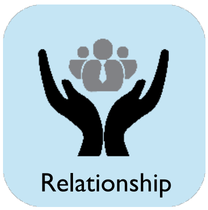
- Make sure the agreement sets out a clear commercial case for WEE and the mechanisms to contribute to WEE. This ensures that over time (with management changes etc.) that each party remembers the core commercial centre of the deal.
- Discuss with an experienced deal maker who has WEE experience about how to frame good clauses in the written agreement.

Tool 7: Decision tree for when & how to use AIP-Rural funds



Tool 8: Allowable & non-allowable partner contributions

	CAN PARTNERS COUNT THIS TOWARDS THEIR CONTRIBUTION?	
Items	Existing partner resources	New partner resources for partnership activities
Personnel (staff or management)	No- except if they can prove that the personnel has been 100% reallocated to the partnership/ partnership goals	Yes
Assets owned, purchased, or rented (including land, plant, and equipment)	No	Yes
Promotional materials (banners, flyers, radio, advertising, etc.)	No	Yes
Capacity building for ISP/Farmers (training module development, training tools, exposure/study visits)	No	Yes
Workshop/Events/FGD (related meals, venue, entertainment, security, transport for participants)	No	Yes
Consultants/Speakers/Trainers (including per diems, accommodation, travel costs)	No	Yes
Logistics for Personnel (accommodation, meal, travel costs)	No	Yes
Loans to farmers or ISPs	No	Yes- as per guidance from DFAT the full loan value can be counted
Research & Development	No	Yes
Distribution cost of products, services, inputs, etc.	No	Yes
Packaging, branding, or certification costs of product	No	Yes
Inputs provided to outgrower schemes or promotional demo plots (seed, fertiliser, pesticides, labour for land clearing, etc.)	Yes- can count inputs that are already in stock as long as they are used towards the partnership	Yes- this can include free or discounted samples to farmers on demo plots
Incentives to ISPs provided by partner	No	Yes
Software Development	No	Yes



Partnership building does not stop when we sign an agreement. As part of our role as facilitators, we need to be active relationship managers not only during deal making but also as we move into and beyond the immediate implementation phase. Our role is to cultivate and nurture healthy, collaborative working relationships which are supported by strong partnership values of equity, transparency, mutual benefit, and diversity (see page 18 for more about these values).

Although the guidance below focuses on managing our relations with partners, this needs to happen in parallel with managing our interventions, sectors, and/or portfolios *(please refer to the **Results Measurement Manual** for more guidance)*. Here we are concerned with the relational aspects of working with partners whereas the latter is concerned with financial, strategic, and/or technical aspects of the partnerships.

WHY IS RELATIONSHIP MANAGEMENT IMPORTANT?

As a market development program, we work through market actors to achieve inclusive and systemic market changes. **Partnerships are essential to achieving our objectives.** Given our high dependence on partnerships, good relationship management is critical for the success of our interventions.

When we move from discussing the partnership to implementation, the realities of working together and the true preferences of our partners will become more apparent. Challenges may arise from differences in interpretations, shifting expectations, changing priorities or leadership, or even differences in organisational culture. While our written agreements may include some commitment devices (e.g. milestone payments), proactive relationship management will be key for maintaining momentum and ensuring our partners' continued interest, commitment, and ownership. A strong, collaborative working relationship can lead to:

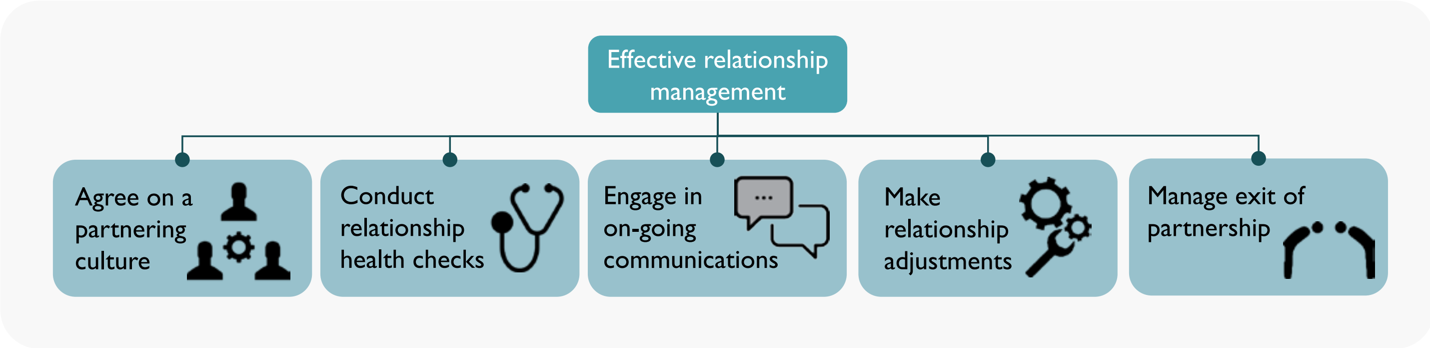
- **More successful implementation:** This results from better coordination, faster troubleshooting, and increased partner receptiveness to modifying and improving interventions and strategies during the implementation phase. By being able to incorporate lessons learned and effectively respond to unexpected challenges and opportunities as they arise, we improve our chances of success. This requires relationship skills such as flexibility, creativity in problem solving, open communications, and conflict resolution.
- **Improved reputation management:** Strong working relationships also allow us to address misunderstandings early on. This can be important for managing reputational risks and reducing the likelihood that partners will spread negative messages about AIP-Rural.
- **Better cooperation during impact assessments or when showcasing the initiative:** Since impacts will be assessed up to two years after the end of AIP-Rural's activities under the partnership, it is important we maintain a positive relationship with partners. This can ensure cooperation from partners and minimise chances that they may obstruct the collection of necessary data. In some instances, we may also be showcasing the initiative to other market actors or DFAT. Partners tend to be more receptive to such visits when relationships are strong.
- **Opportunities for additional partnerships:** Finally, information flows more freely when there is a healthy relationship between partners. This can make it easier to explore other ideas and opportunities for additional partnerships.

WHAT CAN WE DO TO EFFECTIVELY MANAGE RELATIONSHIPS?

We need to manage relationships in a professional, transparent, and responsive manner. As noted in Stage 2, it is important that we establish our credibility, build trust and rapport with our partners, manage expectations, and are prepared. These principles and tactics for effective engagement are equally relevant when engaging partners after we have signed an agreement (see page 16).

In addition to these principles and tactics, we should stimulate and maintain positive relationships with our partners by:

- **Agreeing on a partnering culture**
- **Conducting regular relationship health checks**
- **Engaging in on-going communications**
- **Making relationship adjustments**
- **Managing, if necessary, a smooth exit at the end of a partnership**



AGREEING ON A PARTNERING CULTURE[3]

Although we have shared goals with our partners, we may have very different styles of working. This relates to our organisational and professional cultures, which can often be a source of tension and misunderstanding in a partnership. Ensuring agreement on *how* partners will behave and work together can improve the efficiency of our partnerships and minimise potential misunderstandings and misalignment.

Ideally, we would want to have an open dialogue with our partners and agree on behavioural norms, expectations, and processes. This may include what values should underlie our relationship; what risks we foresee to the relationship; expectations for behaviour during meetings; communications structures and schedules; processes for escalating problems, managing conflict, reaching decisions; etc. It requires that we reflect on the culture of AIP-Rural and where that might be incompatible with our private sector partners. It also requires that we are open to learning about our partner's organisational and professional culture.

It is important not only that we agree on a productive way of working together but that we also communicate this partnership culture to new individuals who join the partnership.

CONDUCTING RELATIONSHIP HEALTH CHECKS

Partners are dynamic, which means that their interests and level of commitment might evolve over the lifetime of our partnership. Changes can occur in the leadership, as well as corporate priorities, strategies, and vision. Some of these changes may have positive impacts on our relationship while others pose potential risks that would need to be actively managed. For example, if there has been a change in the partner's leadership, does the new management have divergent priorities or a different vision or understanding of the partnership?

Periodic partnership health checks allow us take the pulse of our relationship with our partner, ensuring that the partnership does not lose momentum. Health checks can help us identify what is working well in the relationship, what areas need to be improved, potential relationship risks or sources of tension, and changes in our partner's behaviour or external environment which may affect our working relationship and, in turn, the sustainability of the partnership.

Make sure to record and report any conflicts of interest or signs of fraud

Inform management of potential conflicts of interest or signs of fraud as they arise and keep a written record of these issues. These can lead to reputational risks for the program and DFAT if not properly managed.

See **Tool 9** for guiding questions for a partnership health check.

ENGAGING IN ON-GOING COMMUNICATIONS

Regular, open communication is a cornerstone of a collaborative and productive working relationship. It allows us to foster understanding and conviction around our shared vision while also resolving misunderstandings before they escalate into more serious issues. Regular engagements help us to build up trust and gain the confidence of our partners. They also create a space to openly share information and concerns.

On-going communications can involve both formal and informal interactions (scheduled reviews, field visits, interactions at events, informal discussions in more relaxed environments, etc.), as well as multiple channels of communications (face-to-face meetings, emails, phone calls, WhatsApp messages, etc.). The intensity of our engagement will vary depending on the partner and the organisational levels that we are engaging.

Tips for on-going communications

- **Tailor the frequency and methods of our communications to our partners:** As noted above, the intensity of our engagement will differ from partner to partner. It will also vary depending on whether we are engaging field staff, task leaders, middle management, senior management, etc. Too many meetings can be disruptive while too few meetings can also be just as harmful for the partnership. Find a good balance for a productive, collaborative working relationship.
- **Maintain communications with all levels of the organisation:** We often have more regular contact with field staff or mid-management. However, we need to ensure that we also build in opportunities to engage higher levels of management. This is important for achieving more embedded engagement and ensuring continued commitment from their senior management.
- **Engage partners about topics beyond the specific intervention:** This could involve discussing the wider challenges faced by the company or their emerging interests and strategies. We can also share with them what we are doing elsewhere in other sectors. However, this does not need to be confined to speaking about their business. We should also explore topics of personal interest as this will help build trust and rapport with our counterparts.
- **Use group-based communication tools:** WhatsApp groups can be a great way to increase interaction with partners and easily share updates. It allows for real-time feedback and sharing of pictures and videos. We may want to have different groups for different levels of the organisation.
- **Coordinate with other sectors/portfolios/programs when working with strategic partners:** Where we have multiple partnerships with the same partner, this requires a lot more coordination within AIP-Rural. There is a risk that the partner may experience fatigue, and it may be more challenging to ensure continued levels of commitment across all their partnerships with AIP-Rural.
- **Don't act like donor representatives or their supervisors:** It is important that we manage our image and treat our partners as true partners. This means that when we communicate with them we should be careful not to order them around or treat them like sub-contractors of a development project. Rather than trying to just monitor whether they are meeting the targets, we should be having conversations to understand what challenges they may be facing and how we can collaboratively address any bottlenecks.
- **Ensure a complete handover if the AIP-Rural focal point changes:** There are instances where the focal point from AIP-Rural may change. In these instances, it is critical that the handover also includes a briefing about the relationship (health of the relationship; how the relationship was managed, including any agreed behavioural norms, expectations, and processes; etc.).

MAKING ADJUSTMENTS TO THE RELATIONSHIP

In order to improve ownership and commitment or mitigate any risks to the relationship, we may need to make adjustments to how we work with our partners. We should use insights from our partnership health checks and on-going communications to decide what we can do to maintain or improve the working relationship.

Potential adjustments may involve:

- **Understanding what is valuable to the partner which may come at little to no additional cost for us:** These are additional incentives that are not directly part of the business model or written agreement. For example, this could involve linking them with government, sharing information on new technologies, informing them of industry events, sharing our market intelligence on other sectors, etc. We have abundant information through our experiences, market research, and impact assessments which could be repackaged and shared in ways that can be helpful to our partner's business. These gestures can help build increased trust and credibility with them.
- **Providing temporary bridging support:** It is possible that challenges in other parts of the organisation or core business may affect the implementation of our partnership. At the very least, we should try to understand what these challenges may be. In some instances, we may be able to provide some bridging to support (e.g. in-house TA, capacity building) to help resolve issues so that our partners can refocus their attention on our partnership.
- **Managing a change in our partner's senior management:** Leadership changes in our private sector partner could result in changes in priorities, level of commitment, etc. It is important that we meet the new management and build their support and understanding of the partnership. This may involve organising a field trip or presenting early evidence of success.

- **Managing partner concerns around competitors and confidentiality:** During the deal making phase, we should have already set expectations that we will be working with competitors and that we are strongly committed to protecting sensitive business information. We may need to reinforce this message throughout the partnership in order to promote trust and confidence with our partners.
- **Bringing the partnership to an end when it is right:** While the decision may be difficult, there are some cases (e.g. non-performance, fraud, misrepresentation, or unviable business model) where ending the partnership may be the best option. Know when to pull the plug and avoid the mindset of keeping the partner at all cost. Make sure to also assess the risks of terminating the partnership early versus letting the agreement period run out.

Example: Addressing concerns related to competition

PRISMA was initially working with one company in 3 districts and a competing company in another 3 districts. There was a clear geographical divide, but as the market started to grow, this division began to blur. Partners began to get upset that other partners were meeting with what they claimed as "their distributors or agents." At the same time, the market leader was also expressing concerns that their market share was shrinking.

To manage these concerns, the PRISMA team emphasised that while the program will maintain a geographic divide in their activities with each partner, it is a free market and distributors will gravitate towards the best opportunities that would allow them to satisfy their customers and increase their margins. They reminded partners of the importance of continually servicing their relationships with distributors. The PRISMA team also demonstrated to the market leader how despite a shrinking market share, the market had grown by over 10 times, leading to a 28-fold increase (from initially 8 tonnes to 232 tonnes by May 2017) in sales for the partner. This example illustrates how one team managed concerns that can arise when working with competing partners and how in some cases it may be necessary to gently remind partners of basic business principles.

Example: Responding to a change in partner priorities

As the maize team was about to start an intervention with a nursery, they found out that the nursery had received a large order from the government for paddy seed. Since the nursery would be using all of their land for paddy seed, the partner no longer had any interest in pursuing the partnership with PRISMA. In this instance, a decision was made to terminate the partnership early.

Example: Early termination vs. letting the agreement period run out

One of the sector teams from PRISMA wanted to terminate a partnership early since the partner was not following through with any of the agreed activities. However, they also knew that formally terminating the partnership could have wider implications since the partner had very good relationships with the local government. In this case, the team decided to let the agreement period run out and not renew the partnership. Since it was a MOU, they also decided that they would not spend any further PRISMA funds during this period.

MANAGING A SMOOTH EXIT AT THE END OF PARTNERSHIPS OR TAKING IT TO THE NEXT LEVEL

Although our written agreements will specify the end date of the partnership and terms for early termination, it is important that we actively manage relationships when exiting a partnership. This may include relationships with everyone from field staff to the senior management and potentially other stakeholders affected by the intervention. Regardless of whether the partnership has reached a natural conclusion or has been terminated early, we should try to end the partnership on a positive note. There may be opportunities for additional partnerships with them, and we may also need their collaboration in the future when we conduct our impact assessments.

Tips for managing a smooth exit

- **Do not make abrupt decisions when prematurely terminating a partnership:** It is important that there is on-going communications, as well as opportunities for remediation before making the final decision to terminate the partnership.
- **Ensure a common understanding of the reasons for termination:** We need to be open with our partners and listen to their perspectives while trying to build a common understanding about the reasons for termination. Be careful not to play the blame game and try to act as a team, especially if the intervention has failed because of technical reasons (e.g. business model or strategy was not viable).
- **Reinforce understanding around the need for their continued cooperation (e.g. with impact assessments or showcasing the initiative):** We need to ensure their continued support in data collection, as well as in identifying farmers and ISPs when we develop case studies or organise visits for BAPPENAS, DFAT, and/or Palladium. As these activities tend to occur after the official end of the partnership, it is a good idea to remind them of our intention

to continue engaging and collaborating with them in these areas.

- **Consider having a wrap-up meeting or workshop:** Regardless of whether the business model has been successful, this can be a good opportunity to acknowledge the contributions of our partners, review the results of the partnership, and celebrate the completion of the partnership.
- **If necessary, communicate with other stakeholders affected by the closure of an intervention:** This may be relevant in cases where the business model/strategy has failed. For example, we may need to explain to ISPs or farmers why a certain product or service will no longer be available. We should be looking for the best channel to communicate with affected stakeholders (e.g. having ISPs explain to farmers) and ensuring that engagement happens. This can be important for managing our reputation in local communities and among ISPs.
- **For good partners, continue nurturing relationships even after the partnership has ended:** Make sure to maintain these relationships and to have periodic interaction with these partners. For example, we can continue providing them market information or updates that are relevant to their business areas.
- **For good partners, explore opportunities for further collaboration:** If the intervention was successful, we may explore a scale-up partnership with them. Even where the intervention may have failed, as long as this was not a result of a lack of willingness or integrity, we may want to look at other partnership opportunities with them. (See Stage 6)

Example: *When prices crashed in the cassava sector, PRISMA had to terminate its interventions in cassava. The team explored opportunities to work with the partner in another sector, resulting in a new partnership in the vegetable sector.*

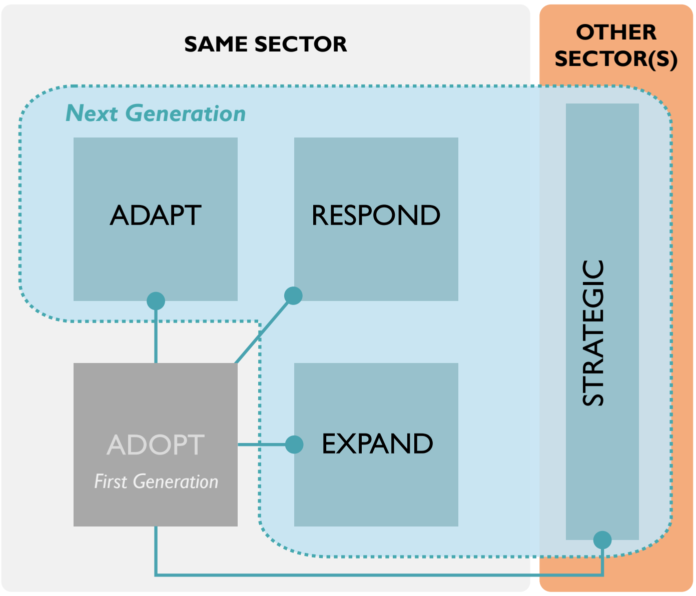
Tool 9: Partnership health check

The following table provides some guiding questions for assessing our working relationship with our partner. This list of questions is non-exhaustive and should only be taken as a guide to stimulate our thinking.

Question	Response
How would you evaluate the working relationship with the partner?	
How well have we built trust, resolved conflicts, used creativity in problem-solving, and shared information?	
Are there any warning signs for the relationship? (e.g. mismatch between what they say vs what they do; repeatedly showing up late, missing meetings, or cancelling meetings; difficulties in contacting partner; partner leaving all the strategy making and target setting to AIP-Rural; potential conflicts of interests; signs of fraud)	
What is working well in terms of the relationship and what could be improved?	
Have there been changes in their level of commitment, interest, or ownership? If yes, explain what changes you have observed, why we think these changes have come about, and what the implications are for the partnership.	
Have there been any changes in the partner's leadership (new CEO, exodus at the management level, etc.)? If yes, elaborate and note any potential or actual impacts (negative or positive) on the partnership.	
Have there been any changes to the partner's priorities/corporate strategies/vision? If yes, please elaborate and note any potential or actual impacts (negative or positive) on the partnership.	
Given the context above, should we continue our partnership or do we need to consider exiting the partnership? What can we do to maintain or improve the relationship with our partners?	

Many of the basic principles of building successful partnerships presented in Stages 1-4 will still be relevant for brokering next generation interventions and deals. Some key differences are highlighted below, along with tips and guidance specific to next generation deals.

WHAT ARE NEXT GENERATION INTERVENTIONS?



Our first generation interventions involve initial partnerships in a sector where the focus is typically around a pilot/proof of concept. When using the Adopt-Adapt-Expand-Respond (AAER) framework, these partnerships fall into the first quadrant around '*Adopt*.'

Where the pilot has been successful, we then look for opportunities for additional (next generation) partnerships that are more strategic and/or focused on systemic change. This could be partnerships that broaden or deepen change within the same sector (Adapt, *Expand*, and *Respond*) or strategic partnerships in other sectors with our initial partner. Whereas first generation interventions focus on demonstrating the viability of pro-poor (or WEE) market opportunities, next generation interventions tend to be more about selling our experience and institutionalising change in partners.

Next generation interventions may be scale-up interventions for pilots conducted by other programs within AIP-Rural

Example: *ARISA's first generation intervention on integrated pest and disease management (IPDM) for shallots resulted in two scale-up interventions from the PRISMA team—an intervention to disseminate IPDM through a social marketing campaign and another intervention working with a leading agrochemical company.*

HOW DOES PARTNERSHIP BUILDING CHANGE FOR NEXT GENERATION INTERVENTIONS?

As a result of our first generation interventions, our understanding and knowledge of the sector and its actors have improved. Where pilots have been successful, we are able to build an evidence base which should make it easier to crowd-in other market players. Our credibility within a sector and as a program should also have improved over time.

Initial partners, in particular, will often have a stronger appreciation of our core value and a better understanding of our facilitation approach. At the same time, through our interactions with initial partners, we should have developed a stronger understanding of their actual interests and capacity. These factors can make it easier to explore scale-up or new sector partnerships and to negotiate the details for follow-on partnerships with our initial partners.

WEE & Next Generation Partnerships

Partners who have already worked with us on a successful WEE partnership will likely have stronger buy-in around integrating women. Existing partners who have yet to work with us on a WEE partnership might also be more receptive to incorporating women in their scale-up strategies since we now have a stronger relationship with them. This can make it easier to convince them of the business case for integrating women.

Finally, we will also be in a better position overall to make the case for integrating WEE. As a result of our first generation WEE interventions, we should now have more evidence and experience, as well as visible examples of successful WEE initiatives. This can improve our credibility and strengthen the case for integrating women. It is important that we package this evidence and draw out general principles from these cases.

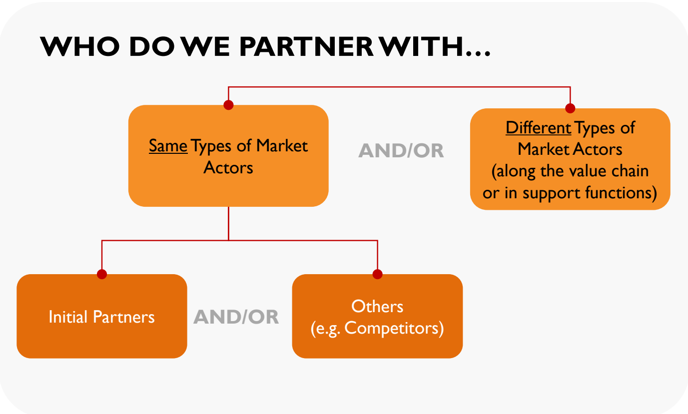
There are, however, other factors which can make next generation partnerships more challenging. As noted above, the focus of these partnerships should shift towards greater scale and sustainability, as well as institutionalising change within partners. This often requires different innovative strategies or activities to overcome barriers to scale, as well as increased ownership and contributions from partners. We may also be brokering relationships with multiple competitors at this stage or engaging in more complex partnerships and multi-party negotiations.

Advantages for + Change	Challenges for + Change
■ Evidence base from first generation intervention ■ Better understanding of the sector & its actors ■ Credibility within sector ■ Better understanding of the interests & capacity of existing partners ■ Stronger relationships with existing partners ■ Existing partners have a better understanding of our facilitation approach	■ Emphasis on greater scale and sustainability ■ Institutionalising change within partners ■ Working with (multiple) competitors ■ Multi-party negotiations ■ More complex deals

IDENTIFYING & ASSESSING PARTNERS

The types of market actors we will be targeting for next generation interventions should be determined by our strategy and intervention design process. As a starting point for Stage 6 of this guideline, we assume that this process has been effective.

In particular, we assume that teams have a vision for their sector and of the pathways towards more systemic change. We also assume that for strategic partnerships that involve other sectors that these opportunities fit within the vision of change for those sectors. When designing our next generation interventions, we should be taking into account not only our future vision for the market system but also whether we are addressing the right constraints and whether there are new priority constraints. We should also be revaluating which *types* of market actors are best placed to perform missing or weak market functions and drive the envisioned market system changes.



This might involve working with *different types* of market actors (along the value chain or in related supporting functions) and/or *same types* of market actors. When working with the *same types* of actors, we would typically be working with competitors of our initial partner (although this is not the case with TIRTA, where other entrepreneurs tend not to be direct competitors). We would also need to decide whether or not our scale-up strategy would involve our initial partner.

The identification and assessment of next generation partners tends to be easier:

- **Ease of identifying partners:** This is often easier for next generation partnerships since we should have a deeper understanding of the market and key market players by this stage. In many cases, we may choose to continue working with our initial partner, and we may have already interacted with some of the other key market actors. At the same time, competitors of our existing partners may be approaching AIP-Rural as word about the program spreads.
- **Ease of assessing partners:** Our experience from first generation interventions also makes it easier to assess potential partners. In addition to having a strong sense about the willingness and capacity of initial partners, we will likely have insights about other market actors which we can capitalise on when we assess their suitability for our scale-up interventions.

Tips for identifying and assessing next generation partners

- **Do not get too attached to initial partners:** There is a tendency to get attached to initial partners as it can often be easier to negotiate additional partnerships with firms where we have a history of engagement. However, we really need to think about what we are re-brokering the partnership on and what we expect to be getting out of a next generation deal with them. Also, make sure that we are continuously assessing their incentives and responsiveness as there may be changes within the firm and their priorities.
- **Revisit our former assessments of potential partners:** Companies that we previously discounted for first generation partnerships may now be suitable partners. This could result from changes in their corporate priorities, as well as changes in market dynamics. At the same time, companies that may have ignored us initially might be more willing to explore a partnership with us now.
- **Aim to identify multiple potential partners:** Whether it is a first or next generation intervention, we should always try to work with more than one partner to improve our chances of success. However, in reality, we often work with a single partner in the first stage when we are still establishing our credibility. Moving beyond one partner is a critical part of scale-up and sustainability.
- **Identify partners that can give us large-scale change:** The potential to reach scale and/or influence other market

actors is even more important for next generation partnerships. While we may have piloted our initial interventions with smaller organisations, we would typically look towards market leaders, as well as scale agents such as industry associations, to achieve larger-scale change in this next phase. This identification is now bringing us back to Stage 1 of our original process.

MAKING A COLLABORATION PITCH

Now we are moving into Stage 2 of our original process but with a next generation of interventions. It can often be easier to frame and make a collaboration pitch for next generation interventions, especially when we are approaching existing partners or replicating a successful intervention. In some cases, we might not need to make a formal pitch. For example, our existing partners may approach us with scale-up ideas or other partnership opportunities. These opportunities could also result from a collaborative brainstorming session. Competitors who already see the value of a particular business innovation may take the initiative to approach us.

Tips for pitching next generation partnership opportunities

- **Use our case experience and data to make a better pitch:** We should have a wealth of data, including our impact assessments, which can be used to strengthen the business case for change. We should also come armed with additional data that could be valuable to potential partners. Finally, in some cases, we can also leverage our successes in related sectors.

> ***Example: Case experience and data for a better pitch***
>
> When approaching other feed companies to scale-up the pig feed intervention, the team shared with potential partners a list of large distributors in the target area and an assessment of the business capacity of these distributors. This information, along with the knowledge that PRISMA already had linkages to key distributors, helped to generate higher levels of interest from potential partners. The team also successfully leveraged their experience in pig feed to convince an existing partner to diversify into beef feed.

- **Coordinate with other teams when approaching existing AIP-Rural partners:** For example, there may be opportunities to make the pitch about the new business opportunity during another sector team's meeting with the partner.
- **Make sure to choose the right moment to approach partners:** We want to make our pitches when there is already momentum and when partners may be more receptive to new opportunities.
- **Target the commercial division if we previously worked with the CSR division:** Ideally, we should always aim to work with the core business unit rather than CSR division. Where we **have** partnered with the CSR arm previously and want to continue the partnership, we need to ensure that our contact people are with the commercial division, as they have more incentive to sustain or expand the innovation.

> ***Example: From a CSR project to core business***
>
> *PRISMA's first partnership with EWINDO was through the EWINDO Foundation. With the success of the shallot nursery intervention, EWINDO began to see shallots as a viable commercial product. By late 2015, following the success of the partnership in shallots, PRISMA approached EWINDO with a new business proposition to develop quality soybean seeds and market these to farmers. An important shift in EWINDO's approach to working with PRIMSA was that the meeting was held with EWINDO corporate and not the CSR arm of the company.*

- **Target higher corporate levels where possible:** Embedding change in the core business of partners often requires that we involve the top management, who are able to make decisions that have broader reach (e.g. corporate wide behavioural changes).
- **Ensure that we respect the business confidentially of initial partners when crowding-in competitors:** Make sure the evidence/business case we share with competitors does not include sensitive business information from initial partners. As previously noted, what we can or cannot share should be part of the negotiations for each deal and should be explicit in the written agreements with our partners.
- **Consider organising field visits to showcase the business opportunity:** Field visits can be used to demonstrate a particular business opportunity and to allow the potential partner to make their own assessment of the opportunity. However, if we intend to use this tactic with a competitor, it is important to make that clear to our initial partners.

Examples: Field visits to showcase business opportunities

TIRTA	*PRISMA: PIG*
TIRTA invites potential entrepreneurs to visit successful irrigation businesses supported by the program. *Given the nature of irrigation businesses, where there are clear geographic boundaries, other entrepreneurs are unlikely to be direct competitors. As a result, there tends to be less sensitivities around showcasing successful examples.*	*To generate interest from other pig feed companies, PRISMA invited competitors to come to the field and make their own assessment of the business opportunity. While the competitors funded their own trip, PRISMA organised the schedule, which included a visit to the demo plot from their initial partnership and meetings with farmers and potential distributors/agents.* *While this successfully attracted the interest of competitors, the team also learned the importance of upfront communications with the partner about their intention to conduct such field visits.*

Tips for Multi-Party Negotiations

Multi-party partnerships can be developed with competing actors, as well as with complementary actors. Negotiations for these types of partnerships are more challenging than two-party negotiations, although it can be easier if we have a prior history of working with the parties involved or if we are dealing with complementary actors rather than competitors. Multi-party negotiations often require a series of separate meetings with each of the parties before any possible joint meeting. When conducting multi-party negotiations:

- **Consider pitching the multi-partnership opportunity to our most trusted partner first:** It can be helpful to get the buy-in of an existing partner with which we have a strong relationship before approaching other parties. We may also want to test their receptiveness to working with particular companies.
- **Make sure to keep all stakeholders informed:** If key decisions which affect other parties are made during separate meetings, make sure to communicate these decisions to all parties.
- **Be respectful of each party's confidentiality:** This is particularly important when dealing with competing actors. Have separate discussions upfront with each partner to clarify what information is sensitive and the parameters for joint discussions with all parties. It can also be helpful to draft a Code of Conduct for the implementation stage, which makes it explicit what information can be shared (a) publicly, (b) with other parties in the partnership, and (c) with AIP-Rural only.
- **Understand the willingness/capacity of each party and create options for mutual gains:** We need to be even more proactive in understanding the interests of each party in order to identify and develop options for mutual gains.
- **Make sure benefits are comparable to each party's investment:** This can help mitigate conflict among stakeholders during the implementation stage.

Examples

Competing Actors	Complementary Actors
Mango Sector: *Social marketing intervention involving two input suppliers*	***Pig Sector:*** *Alliance between pig feed company and pharmaceutical company*

AGREEING THE BUSINESS MODEL, BROAD STRATEGY, & DETAILS

Once again, we are back to Stage 3 of our original process but in this case for the next generation of interventions. It is not always necessary to develop a new business model, particularly when we are trying to replicate a particular model with competing actors. However, in these scenarios, we should still be:

- Modifying the business model based on learnings from the first generation intervention
- Tailoring the model and strategy to the specific partner context

Example: Modifying the business model based on learnings and partner context

During the first generation soy doctor intervention, the soybean team learned that the distribution channel can be a serious bottleneck for a successful intervention. As a result, when scaling-up the soy doctor intervention with another agro-input supplier, they incorporated this learning by placing more emphasis on the development of the distribution network. The model was also adapted to how the new partner operates. While the initial partners wanted the soy doctor to sell agro-inputs directly to farmers, the new partner came up with the idea to have soy doctors write a prescription and have farmers purchase from kiosks that were already part of their current distribution network.

There are also instances where it will not make sense to have a business model. Social marketing interventions, which are one-off campaigns, will not require a business model but could benefit from having a "partnership model" to clarify how various stakeholders will work together to launch the campaign.

Tips for the business model and/or broad strategy

- **Consider different strategies and activities in order to achieve greater scale and more embedded engagement:** We should be exploring more strategic ways to reach larger numbers of farmers. This could involve launching social marketing campaigns or using technology to expand outreach. We may also consider providing partners support at the corporate level (e.g. on branding the company to increase their overall visibility and credibility, capacity building to senior/middle management to embed what is new and different about the intervention into the core business) or facilitating the development of alliances with supporting market actors.

Examples: Evolving strategies and activities

Pig: Developing alliances among market actors

In order to cement the income gains made through the initial feed intervention, the pig team brokered alliances between pig feed and pharmaceutical companies. As farmers raise more pigs, there are increased risks of disease outbreaks and pig mortality. This, in turn, can negatively impact the demand for feed. As a result, it is in the interest of feed companies to encourage their agents to also stock pharmaceuticals. When brokering this alliance, the team had to make the business case for collaboration and also understand potential points of synergy between the two types of actors. This led to exploring options where each partner could expand their outreach by piggybacking off the existing distribution network of the other partner.

Soybean GAP: Using ICT to accelerate scale-up

In the initial partnership, BASF provided embedded information on soybean GAP through selected lead farmers. With each lead farmer only able to support 10-30 farmers in their area, this constrained the ultimate reach of the model. As a result, for the scale-up strategy, the team explored options to use an ICT platform which would use videos to train farmers on GAP. Such a platform could allow BASF to rapidly expand their network of lead farmers, increase the reach of each lead farmer (80-250 farmers), and maintain the quality of information being passed down from lead farmer. It would also allow BASF to more cost-effectively manage the expanding network.

Pig: Using new marketing strategies to increase demand for feed

The initial partnership focused on using demo plots to introduce the new product to farmers. While this was effective for the first generation intervention, a new marketing strategy was needed for the next generation partnership to stimulate wider demand and to more rapidly spread the word about the product and its benefits. The team looked at options which would not only attract more customers and create customer loyalty but also be a cheaper investment for feed companies when compared to demo plots. The new marketing strategy for the next generation partnerships involved using the following approaches: (1) encouraging feed sellers to have a selling point in traditional markets where they would also share their experience and the benefits of using feed and (2) using SMS blasts to reach a wider audience and create greater brand awareness.

- **Reconsider our role and responsibilities for the next generation intervention, along with the intensity of our support:** Theoretically, we should have established a proof of concept through the first generation intervention. As a result, our role should shift and we should avoid replicating the same offer and intensity of support in the next generation intervention. For example, our support may be less around promotional activities and more around providing initial and new partners more information and market research.

Initial Partners	Competing Partners
We would want to be more hands-off to ensure that they take ownership and embed the change in their core business. We would also typically expect partner contributions to increase relative to AIP-Rural.	Although the willingness to engage may be higher now that we have proven the concept, new competing partners may still lack the skills to take advantage of the innovation.

- **Aim for larger outreach targets:** Since we have already proven the model/market opportunity, we typically expect to negotiate larger outreach targets when scaling-up with our initial partners and also when crowding-in competitors. Exceptions include instances where we might be testing additional innovations and where the focus may be more on cementing income gains rather than outreach.
- **Try to maintain geographic divisions in our activities with competing partners:** While it is a free market and competitors will have operations in the same geographies, we can, at least, ensure that our activities with competing partners maintain geographic divisions. This can be important for managing relationships and ensuring continued trust with competing partners.

Social Marketing/Common Marketing Initiatives

While there is nothing to stop us from conducting a social marketing campaign as a first generation intervention, this is often a next generation strategy since we need to first demonstrate a proof of concept. In first generation interventions, we often partner with individual agro-input firms and use promotional tactics such demo plots and exhibitions to stimulate demand. However, to reach our ambitions of scale, we may need to go beyond the classical demo plot approach and use strategies that can reach a much larger audience. Common marketing initiatives/social marketing campaigns are one option for stimulating more widespread demand.

Example: Under the umbrella of PISAgro, PRISMA is working with input companies such as Syngenta and Rainbow to conduct a social marketing campaign in the mango sector. For the social marketing intervention, the team presented a 'partnership model' (instead of a business model) since this is a one-off intervention. While negotiations were done with head office representatives, the team learned that it was also important that their partners communicate to their regional and field staff about the benefits of collaborating with competitors on such an initiative. (the case of maize in Madura may be better for this.)

[1] Adapted from the Practical Action's Participatory Market Systems Development (PMSD) Roadmap

[2] Based on Partnership Brokers Association principles of effective partnerships and the Principles of Partnership endorsed by the Global Humanitarian Platform in 2007

[3] This section draws on various toolkits and papers written by TPI (The Partnering Initiative)