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Forming partnerships with the Private Sector

A summary of lessons learned by Market Systems Development Practitioners

May 2019 – version 1.0

Market Systems Development (MSD) programs have partnered with companies for decades.

This document aims to capture some lessons and tips on how to form and manage partnerships with Private Sector Actors.

Reasons for partnering with the private sector:

- Increasing sustainability
- Aiming for systemic changes
- Achieving more scale and impact
- Leveraging funds

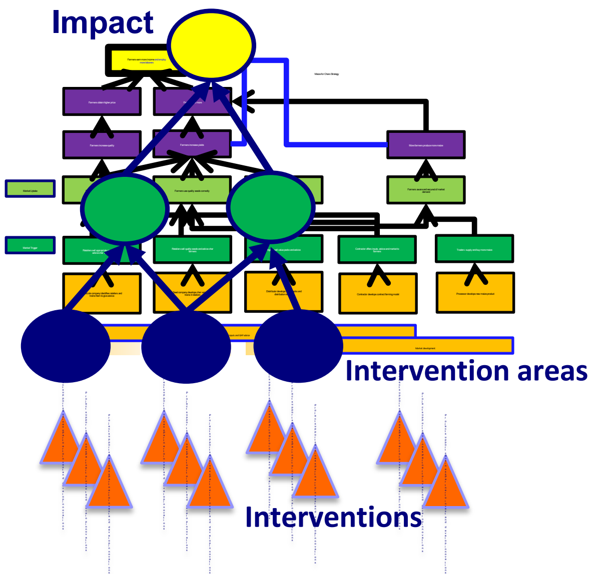
Topics:

- Who to partner with?
- How to find and contact partners?
- Deal making: how and what to negotiate?
- Financing: what and how?
- Contractual arrangements: what to consider?
- Managing partnerships?

This document was prepared for the Swiss Agency for Development Cooperation SDC and will be presented at the biannual Face 2 Face event in May 2019.

Hans Posthumus (HPC) consulted experienced MSD practitioners from various programs, agencies and countries and compiled this document.
Mohasin Kabir, Chief Technical Officer AIP PRISMA-2, described one partnership that their program developed with the company Corteva in Indonesia

Partnerships as a means – not an objective



Market Systems Development programs analyze systems and develop **strategies** to make systems more inclusive and to create impact (often employment and income).

Such a **strategy** includes a few **intervention areas** (constraints that the program aims to address) through a number of **intervention**s that each target one or more interventions.

Those interventions are often implemented by forming **partnerships** with private sector actors.

Your sector strategy

match

The partner's business strategy

Market Systems Development programs do more than only partnering with private sector actors (although partnerships form the chunk of their activities) – **but this document is not about the other MSD elements, it's about the partnerships**.

Market Systems Development (MSD) programs develop and manage interventions, - **but this document is not about the interventions that are implemented through these partnerships, it's about the partnerships**.

Market Systems Development (MSD) programs aim for systemic change and maximizing impact, **but this document is not about the systemic change or impact that is achieved through these partnerships, it's about partnerships**

Ideal partners don’t exist

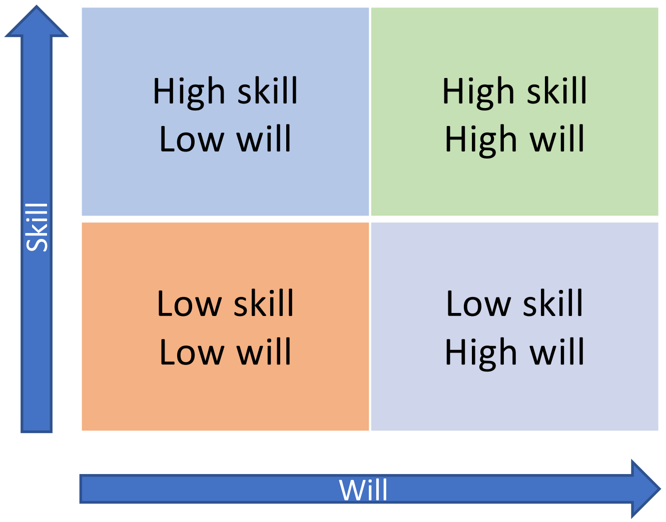
Search for the partner that has **most incentives and capacities** to address the specific market constraint – **at the right time.**

Search for partners that have shown to be able **to innovate, to search** for alternatives

Search for the partner that is most likely to trigger **systemic changes** in the market in short changing norms and practices, resulting from e.g. unlocking sector constraints or triggering crowding –in.

Size doesn't matter…….

- but large companies often **reach** more people via their procurement and distribution network: those are your target beneficiaries
- but large companies often have more **resource**s to test innovations in the market and to deal with risks
- but large companies (market leaders) often **trigger** others to follow (crowding-in)
- but large companies might find that the proposed partnership might just be **too tiny** for them
- but sometimes large companies are **conservative**; often ‘number two’ has more incentives to innovate
- but partnering with **more innovative smaller companies** may challenge market leaders too.



Skill Will Matrix

The Skill Will Matrix is a useful tool that helps to think about **motivation and capacities** of the various potential partners. To compare and select. But be careful not to turn it into a mechanical exercise.

It's more that you assess skill and will during the **initial steps** rather than to use it to select the most suitable partner. The skill-will assessment also informs you what to do in terms of **intervention design** (enhancing capacities)

Partners

Continuous searching.

You need to have a good understanding of the sector. That is more than conducting a market survey: **investigative research!**

It starts with ***the initial market analysis*** *that should lead to a good understanding of all the actors, their capacities and their plans. Keep that market research in mind: update it regularly, operationalize that list of actors and their profiles.* – Helen Bradbury

It's a cliché, but you need to be part the network: be present (and mingle!) at **formal and informal events**. That means that your team members should bring that network – so it starts with recruitment of your staff. You also use these events to position your program within your network.

Be curious and opportunistic: **searching and meeting new actors needs to be embedded** in your staff's attitude (not only when you need them): reading newspapers, watching YouTube, reading press-releases….

Finding the right partners

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Continuous searching.

Sectors are dynamic, companies change:
it's not a linear process that you plan at the drawing board, you need to make use of opportunities and momentums.

You are searching for partners to address a certain sector constraint. You don't need one partner, you need several partners to test the viability of several business models: a portfolio approach.

Realize that timing is equally important: often it's about using **opportunities** when they arise.
If they fit your market strategy and intervention areas, use them wisely: **programs influence, partners drive**.

Finding the right partners

Tendering: Most programs don't – and for good reasons.

You are searching for a solution to a sector constraint, not a service that you outsource to a service provider via your procurement system. You are looking for partners, to set up 'Joint Ventures'.

It's not so much picking one, it's about working with a few companies and finding different solutions to address the same sector constraint.

Tendering implies that MSD programs use resources for managing the tendering process: defining, launching, reviewing proposals and conducting due diligence om proponents. It also absorbs resources from the companies that develop and submit tenders. That implies that tenders may only be useful if it concerns sizable budgets.

There are companies that view MSD programs as sources of free money and those companies have learned how to draft wonderful proposals using the donor language: those are not the partners you aim to work with!

Tendering: alternatives that may help.

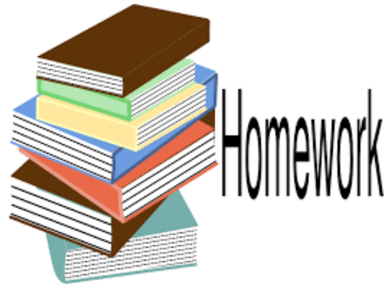
Sometimes programs ask for **Expression of Interest (EoI)** :

- When there are many similar companies that could all be interested and able.
- When there are hardly any companies: e.g. you need to identify companies that might be interested to enter your regional area.

Define clearly what you are looking for: interest, not proposals. Make it easy for companies to express their interests. You don't want a pre-cooked proposal that only requires funding.

Sometimes programs organize **Round tables.** Programs share their findings (e.g. their sector analysis) and thoughts (strategies and intervention areas) among the invited companies during this event. All potential partners have the same information and all have an equal opportunity to approach the program with ideas and proposals.

It helps to put a constant Request for Proposals / Expression of Interest Call on your website:
Ask your potential partner to submit their details and interest/proposals via that call so you comply with an **equal opportunity requirement** required by some donors. But, it also helps to increase your list of **potential partners**.



Be prepared

You have done your research:
you know the company, their background, what drives them, what their-pain points are, who suffers from the pain-points....

You have done your research:
you know the sector, you know the constraint, you have done your analyses, you have concrete ideas how pain-points can be addressed, you have business models in mind…..

You have a plan:
you know what kind of questions you might expect, you know which information to share and what not, you know how to explain what you can and what you won’t do, and why!

Be prepared

Explaining what you as a program do is often challenging:

- We provide insight and we co-invest to reduce risks - We are venture capitalists.
- Give examples of what you have done and funded, and why (and why not).
- Be clear on why you wish to invest: to benefit the wider community….so that it's clear that your objective is not to support their business only but that you seek sector growth, improved efficiency and inclusiveness.

Avoid development jargon.
Practice your pitch; it needs to be natural.

Focus on your program expertise – not your donor funding

Meeting Potential Partners: Preparing

Knocking at the door?

Use your network to see if you can get a referral/ introduction by somebody in the industry. Your network should include consultants with their own strong networks

Follow up previous contacts, e.g. the people you encountered during your market analyses.

Cold calling: not ideal but there is nothing wrong with it. Just make sure you approach the right person with the appropriate pitch.

You have done you research: **you know the company**, their background, what drives them, what their-pain points are, who suffers from the pain-points.

Make use of that information to contact the right person in the company.

Sometimes programs are approached by potential partners.

If unsolicited proposals enter your office, focus your discussion on why it was developed, why they seek support, how it fits their strategy, rather than focusing on the proposal itself.

Meeting Potential Partners: How to enter?

Who to talk with?

Different people at different levels for different purposes at different times.

Who has the right incentives?
Who is the decision maker?

The person who feels the pain-point as that person needs to be committed and make it happen. Often middle managers.

The field staff because they are best informed at what happens 'on the ground and in reality'

The CEOs because they define strategies and priorities and they allocate resources

In some (business) cultures you need to write a letter to the CEO, and that person will probably refer you to somebody within the firm – so make it clear what you want to discuss.

Don't assess incentives at corporate level only, assess the incentives at the departments and the people working there. Incentives might differ among them.

What to talk about?

Talk about their business – not your program.

Use that discussion to show that you have a good understanding of the sector, you know things they don't and you have networks that have value for them.

If you're talking about money at the early stages all the time, then you are having the wrong discussion – or with the wrong partner.

Test if you are both are having the same understanding and same thoughts as to how to solve it.

Focus on the pain-points; what are the causes, what are the options, what are the facts, what needs to be investigated, what might work?

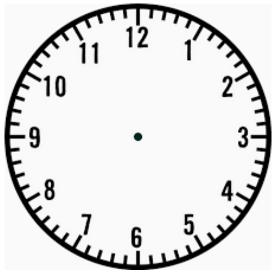
It's all about rapport.
You need to work on it, it doesn't happen automatically

Meeting Potential Partners: Understanding

Making a good deal takes time

You can't walk in with a business model and expect to implement it. You probably have ideas on what it might look like, but you are aware that it needs to be adjusted to the specific partner context.

It's rare that you strike a deal with one meeting. Often it's a series of meetings where both parties explore the options, advantages and the risks.



No matter how much you research, when you meet it feels very much like a blind date. You don't announce your engagement after one date (*counts for the majority of the people*).

The most potential partners that you want to partner with might also be the most demanding ones - as they seek your expertise, and not so much your funds - Mujibul Hasan (Cezanne)

Take time – Give time

It's an offer, not a request

Programs report that it takes on average 2 to 9 months

Its co-creation and not just funding their proposal - Tim Sparkman

And what about distorting markets?

In principle, you interfere so you influence, but you do that with a purpose: to increase competitiveness.

Therefore you need to be aware of the risk of distorting markets and accept minor distortions if they improve competitiveness of the sector.

That means that somebody must raise the questions: are you blocking others, are you increasing entry barriers, are your potential partners aiming to push out others?

Answering these questions helps to determine if you are distorting markets, or if you are increasing competitiveness of the sector.

Exclusiveness is a no-go:

Exclusive contracts will increase their (monopolistic) behavior and position and will reduce your options to achieve sector wide changes

If your proposed partnership would lead to an excessive market capture by that partner (e.g. to introduce a technology), than look for different type of partner, e.g. a service provider who can introduce the technology (and thus serve more companies).

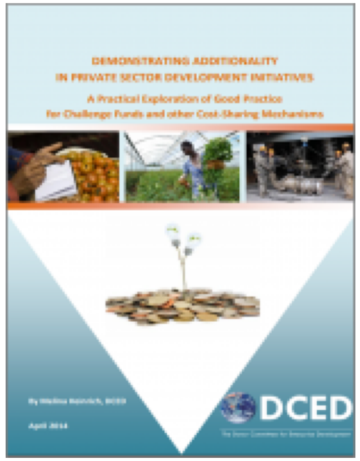
What is our additionality?

A tough question to answer, hence the only option is to raise the question sharply: **what would they do later - if they would not partner with you now?**

Will they do it anyway, with or without you?
Then there is no additionality.
Would they 'do it" anyway in the near distant future?
Additionality because you are speeding it up
Would you influence the way they would 'do it' ?
Lots of additionally due to your expertise,
your capacity enhancement, your networks, your funds.

It also requires courage to say no: if you conclude that there isn't much additionality (they will do it with or without you, now or very soon) - but if you would implement the intervention you would easily claim and report the impact numbers.

Further reading



Making a good deal takes time – and many trials

The partnership needs to fit your sector strategy and their business strategy

Many deal makings end without a deal:
it wasn't the right deal, or the time wasn't right.

You often meet 5 to 7 partners to be able to form a partnership with one of them. One out of three partnership are completed successfully. It means you need resources and time. Mujaddid Mohsin

Don't flog dead horses.

Don't bribe them.

There are fortune seekers: alarm bells should start ringing when companies talk about reaching the poor and talk log frame targets

If companies have received development funds from two or three donors in the last five years, they will have a tough time convincing me they are the right partners for my program – Goetz Ebbecke

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Doable Deals

Start small:
First pilot to test the market with the upscaling phase in mind. That means you do as much or as little as is needed for the launch.

Take baby steps.
Break up great ideas : one intervention for one or two seasons with a few milestones rather than a 5-year partnership with multiple interventions. You need to test the intervention logic, and you need to build the partnership - Fouzia Nasreen

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

You need to build a track record: The private sector needs to see what you offer and what you ask for: are you as a program a desirable potential partner?

Deal making

Doable Deals

One way to test the will and skill of the potential partner is to do some **preliminary works** before the actual negotiations start. Often some additional research or field work is needed.

Do these tasks together: it builds rapport and you get a good impression of their motivation and capacities.

One step further is to form a **partnership to do the extra research** that is necessary to develop the intervention itself. That in itself tests the skill and will of the potential partner.

In more **mature and trusted partnerships**, you may also consider that additional research and development to be part of the intervention. That saves time and increases commitment.

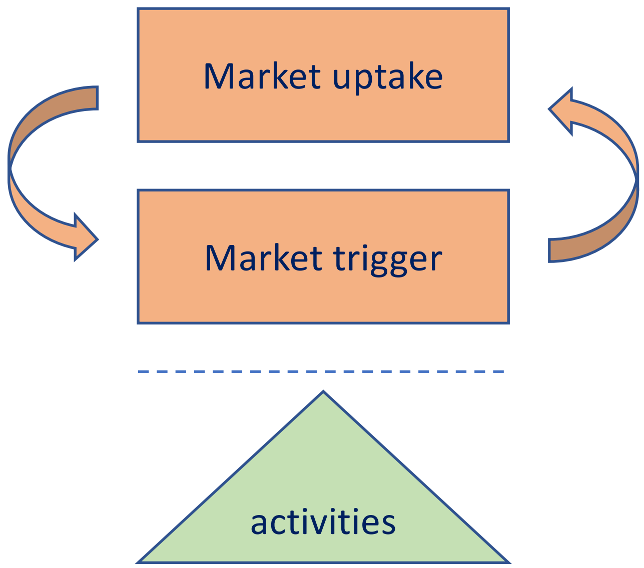
High skill Low will	High skill High will
Low skill Low will	Low skill High will

Negotiating

During	After
Partner or Program	Partner only

The basic principle most programs use as a guide: **Who does and who pays after the intervention?**

That determines in principle what the program should not do or fund during the implementation



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Negotiating

If there is too much discussion on who should pay then it probably means you shouldn't do this intervention at all: it's too expensive and you should seek alternative interventions rather then to continue shifting the costs to the other side

Have your bottom line clear in your mind. Don't fall in the trap of always playing the tough negotiator: it might just kill the spirit at the start (and for sure kicks back during implementation). However, you might also have to walk away during a negotiating process.

Negotiations can be open ended. If you feel its not moving, just let it hang there *(no need to share your initial conclusion that the negotiations are probably not leading to a partnership)*.

Negotiating

Who with who?

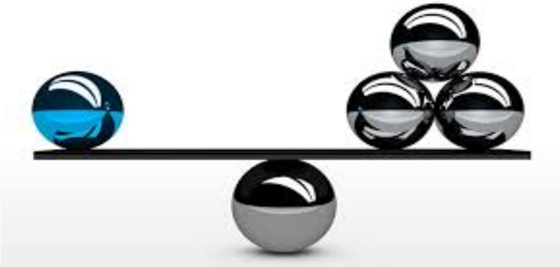
Most likely the middle managers who are experiencing the pain points. Once they are committed to the partnership, they will lead the way: they will – with your support – convince their managers and decision makers.

Depending on the business culture and context, it's often your sector staff that negotiate with the middle managers or business owners. Final negotiations with multinationals often involve CEOs and your senior management.

Don't be taken for a ride:
Are they over-promising results, over-estimating their (in-kind) contributions, over-budgeting of expenditures you should be funding?

Donor crowded countries. Don't try to compete with other donor funded programs by given more funds and demanding less, but search for niche markets where other donors are not active. Demonstrate that your program is more appropriate for them: access to expertise, information and networks (and funds)

It’s a partnership, so both need to invest!



How much depends on the context and should not be pre-fixed. The main reason for co-funding the partner investments is to reduce the risk for the company to pilot a (market) innovation that will create wider impact.

Factors to consider are:

- business risk
- importance for the sector (unlocking constraints)
- potential impact
- partner’s resources (ability to take risk)

There is no formula.

Most programs report that their financial contribution often ranges from 30% to 70% of the total investment.

What to finance, and what not?

Most programs adhere to the rule that the recurrent - also termed operational or variable costs - should not be financed as that endangers sustainability of the innovation.

Most programs try to avoid financing hardware or working capital. **The most practical rule is to link what you finance with what you do**: if you are to find and manage consultants, pay them. If your partner is to invest in the hardware, let the partner finance the hardware.

You may finance anything as long as it makes common sense. Never say never - rather use your brain to weigh the pros and cons.

Be pragmatic:

Programs are often bound to donor procurement rules so where that is complicating progress, leave those procurements to the partner

Activities that involve multiple small payments with numerous receipts: leave them to your partner as you don't want to increase the workload of your accountant unnecessary.

In the end it doesn't matter really what you finance; it's the total package that counts!

What to finance, and what not?

In-kind contributions can be accepted, but they should be reviewed critically. Staff time (and thus salaries) can be accepted if specific staff members are given considerable additional tasks related to the investment. General overheads should never be accepted.

Programs also report that their **contribution reduces over-time.** When developing new partnerships with existing partners, the latter often are more willing and able to invest more than during the first partnership. When a program has build a track record, partners seem to appreciate expertise more than funds.

Be aware:

Some donors apply clauses to stipulate that what is being developed with their funding automatically becomes their **property**: you want to avoid that your donor becomes the owner of a training manual (developed and used by your partner) so either don't fund that activity or adjust the clause.

Review the requirements of your donor to avoid that they over-complicate your financing mechanisms

You probably find that companies initially are interested because of your funds, you hope that when the partnership has been concluded, they appreciate you for your expertise - Mohammad Shahroz Jalil

How to finance: reimbursing or advancing?

Ideally on a **reimbursement basis**, as it limits the risk for the program in case partners don’t perform, or worse.

Programs should review if their partner’s **cashflow** is sufficient. One cashflow-friendly option is to increase the number of milestones and reimbursements.

Another option is to use (small) **revolving advances** (e.g. quarterly) so that your risk is limited but implementation is not hampered by cashflow problems and accounting procedures (the time it takes investing, submitting receipts and receiving payment). However, if your partner’s cashflow requires you to advance payments, is it then the right partner for this partnership?

The last milestone/payment might be set at the end of **the monitoring period** (often 1-2 business cycles after the end of the activities) to motivate partners to continue to provide information or to provide access to information sources

Most programs use milestones and reimburse partners upon reaching those milestones and submitting documented proof of expenditures.

Non-Disclosure agreements

Agree during the negotiations and before the contracting is finalized, what is confidential information and what isn't.

Be open about what you wish to share to wider audience. For example, you will share the business model or the principles of a training but not the actual training manual - as that has their property rights. You probably will support another partner to develop another manual that meets the needs and context of that other partner. Be clear about that from the start. Put it in writing and **sign the non-disclosure agreement**.

For example:

Market research should be program-owned and likely public.

A feasibility study should be partner-owned and is confidential.

It's crucial to respect confidentiality - breaking the rules is not acceptable

Confidentiality and Property rights

Due Diligence : to identify and reduce risks.

When? Towards the end of the negotiations; doing it earlier might create some distrust. Doing it later is simply too late: breaking up relations is too harmful.

Risk: If the management structure is unclear or management has been changing frequently.

Risk: Assess their vision: is your partnership and intervention a logical fit? How business-oriented are they? – especially important for state-owned companies!

Risk: Are they influenced by politics? How? When?

What and how? Most programs have a checklist of what to verify (such as corruption, discrimination, child labor, environment, human rights, etc.): the most used sources are the media (simply do an internet search) and your network.

What and how? Company registration, tax certificate, governance structure and audited accounts need to be assessed. If companies struggle to supply this – it should raise flags.

It's about identifying risks, it's not a box-ticking exercise

Due Diligence

Contract, Partnership Agreement or Memorandum of Understanding?

The format should reflect the partnership: avoid using procurement-style contracts and terminologies. Specify at least purpose, activity plans, process, responsibilities, communications and budgets.

Legislation can be complicating things and taxation rules might lead to taxing the partner for the funds they received. Sometimes contracting involves lengthy discussions with legal departments at foreign head offices. If the partnership doesn't involve funding the partner directly, MoUs are an alternative to contracts, even though they are usually less binding.

Most programs are bound by donors to include a clause in the contract that enables them to withdraw within one month. Companies find that challenging: *"it's a risky investment for both of us and you may opt out at short notice*?"

Explaining and showing that in practice this is unlikely to happen is one option. Another option is to adjust the contract, probably involving your donor and some legal assistance.

Paperwork is important, the understanding and verbal commitment is more important

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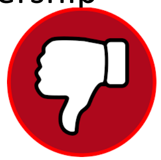
Partnerships need to be managed

Assess your partnership from time to time. The response time (returning your calls, availability for meetings) is a good indicator for commitment.

Deal with disputes. Don’t led them linger on - get it over with – avoid letting them poison the partnership



Communication is crucial.

Make it clear **who** is to communicate with who. Define **when** and **how** to communicate.

Frequently, but on a **needs-basis.** Respond on time; phone back the next day, reply to mails in 48 hours)

Business-like.
Discuss as equal partners do
Ask for facts, not reports
Meet at their offices – rarely at your office

WhatsApp groups are informal and informative (but be careful)

Managing the partnership

Adjusting plans

The more thought through and the shorter your intervention period, the less need to change the activity plan or budget. But adjusting activities is often needed.

Be flexible and decisive: responses should not delay activities and interventions. Ensure that intervention managers have decision powers, or have access to decision makers that will respond on time; with a few days, not several weeks. The same applies to your contact in the partner company.

Ensure that simple emails or memos are sufficient, avoid contractual amendments that need to be signed by CEOs

And learning from it

If it doesn't work as assumed. **Investigate why it didn't work,** avoid accusing each other. Was it the business model itself? Was it the way it was developed? If possible, address the reasons why it didn't work. Where that doesn't work, **agree to stop trying**.

When it didn't work because there was insufficient commitment, **agree that it probably wasn't the right time** for this partnership. No need to fight; it's a small world and you probably will need each other later

Celebrating and moving on

If a phase two was foreseen, start the deal making process. Don’t close interventions too early, they need solid foundations before the business models are mature enough.

Often, ideas for other interventions naturally grow from the initial intervention. Hence start the deal making process for that new intervention.

If no second phase was foreseen, agree to maintain contact, for mutual benefit (not promising anything).

Getting attached?

Keep market distortion in mind,
and **don’t put all your cards on the same players**
You don’t want to give a head start to the first movers only.

When you search for partners to address another sector constraint, **list and review the potential partners as objective as possible** rather than to revert to the initial partners. Define the ideal partner profile, then check who meets that profile best.

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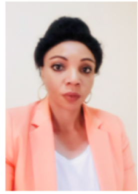

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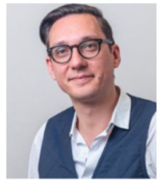

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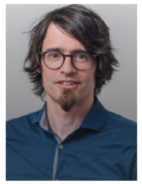

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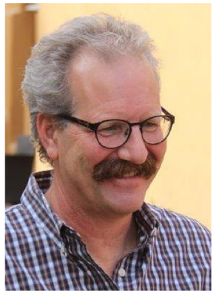
Let's stop marching and let's start dancing – Cuan Opperman



Hans Posthumus is the owner-trainer-consultant of HPC and an experienced Private Sector Development expert. The views expressed are those of the author and do not necessarily represent the views of the SDC.

Visit these sites and documents for much more and more detailed information on partnerships:

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

ALCP Investment Manual

Private Sector Engagement
A toolkit for effectively building and sustaining program partnerships with the private sector. Mercy Corps

Annex: PRISMA's experience of partnering with Corteva Agriscience in Indonesia

Private Sector Engagement

Annex - An example of such a partnership – by Mohasin Kabir.

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

e+i | employment and income network

HPC

PRISMA
partnering with a Private Sector Actor:
Corteva Agriscience

This presentation focusses on
"partnership formation and management"
and doesn't aim to describe PRISMA's intervention or sector strategy

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PRISMA Promoting Rural Incomes through Support for Markets in Agriculture

PRISMA is funded by the Australian DFAT

Kementerian PPN/ Bappenas

Australian Government

About PRISMA-2

A partnership program between the Government of Indonesia and the Government of Australia

A continuation of a Market Systems Development program, AIP-Rural (2013-2018)

Works in 6 provinces in Eastern Indonesia

Aims to sustainably increase incomes of 1 million households by 2023

Increasing farmers and market players' access and competitiveness

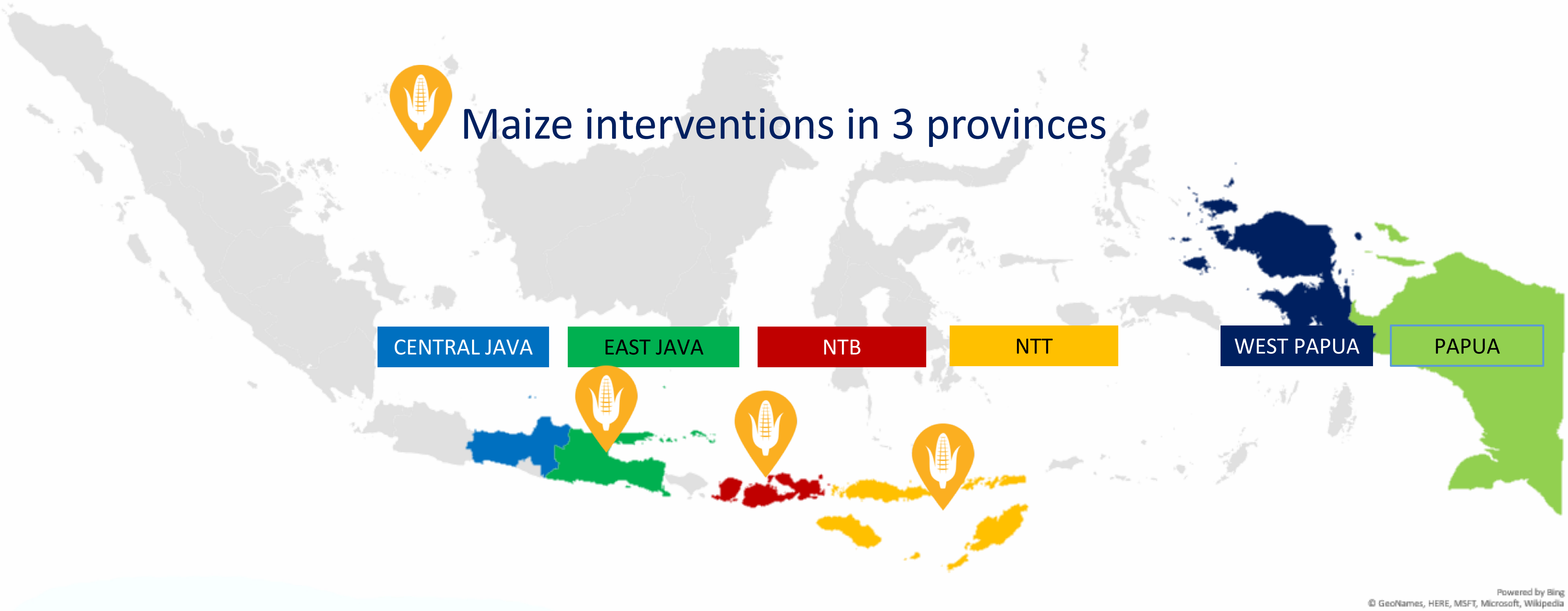
PRISMA Promoting Rural Incomes through Support for Markets in Agriculture

For more information: https://aip-prisma.or.id/en

Kementerian PPN/ Bappenas

Australian Government

PRISMA-2: Geographic coverage



PRISMA Promoting Rural Incomes through Support for Markets in Agriculture

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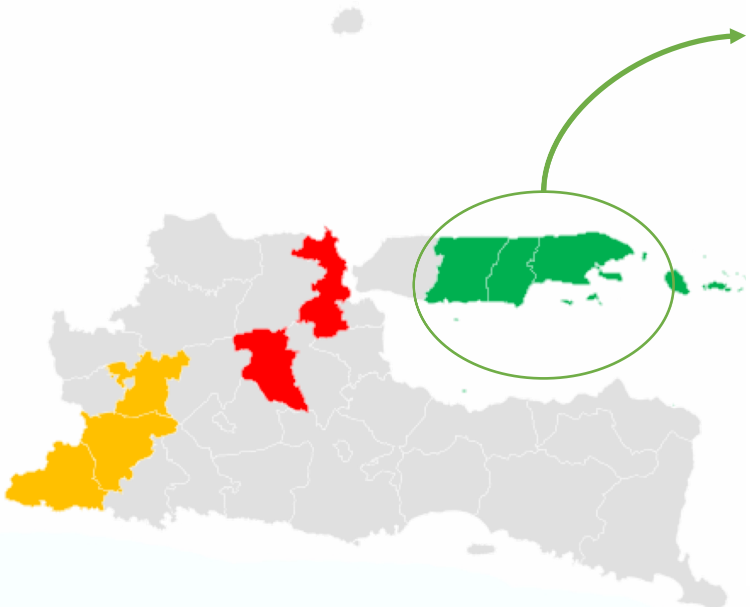
Australian Government

Maize in East Java and more specific: Madura Island

East Java:

- Maize is important for poor farmers
- Maize is cultivated on 1,2 million hectare
- Maize productivity is low (1/3rd)



Madura:

- Most maize farmers (450,000)
- Lowest productivity:
  - retained seeds and poor cultivation practices
- Limited incentives for the seed companies:
  - Farmers' risk averse attitude
  - Government free-seed distribution program
  - Poor infrastructure

Identifying and selecting partners

- PRISMA mapped all maize seed companies in East Java in **mid 2014**
- There was room for several seed companies. PRISMA developed a short list and contacted the potential partners
- Corteva (1) was high on the shortlist:
  1. Field presence in East Java and in some areas of Madura
  2. Good quality hybrid seed
  3. The ‘Pioneer’ brand of Corteva was a familiar name
  4. They were trying to promote hybrid seed in Madura
  5. Scored high on the Will-Skill Matrix
  6. Due Diligence raised no eyebrows

Initial contact with key player Corteva

- **PRISMA invited Corteva's regional officials** (October 2014)
  - PRISMA used the event to showcase their value addition
  - Corteva was interested to do similar work
  - PRISMA requested for a meeting with head office

- **PRISMA meeting the Business Development Manager at head office** (Nov 2014)
  - PRISMA proposed to Corteva promoting hybrid seed with extension information
  - Corteva concluded the meeting : they were going to withdraw from Madura

With hindsight: too much a development proposal rather than a business proposal

- PRISMA requested to meet periodically to share information on the Madura seed market; **no response from Corteva for a year**, the company went through restructuring process

Selecting and piloting with another market player: AHSTI

- **From the initial short list:**

  Medium sized company Asian Hybrid Seed Technologies Indonesia (AHSTI) was interested:
  - High yielding hybrid seed (ISO certified quality management)
  - Production facilities in East Java
  - A regular supplier to govt. program
  - Very willing to expand and invest into open markets
  - Due diligence – okay

- **PRISMA partnered with AHSTI (2) (October 2014)**

- **PRISMA and AHSTI piloted the business model**

  It worked, and PRISMA documented that and collected more information to fine-tune the model

Developing distribution network for hybrid seeds

Extension Services to improve agricultural practices

Deal Making for upscaling with Corteva

Talking business

- **PRISMA approached Corteva** again (3) in Nov 2015
  - Evidence from the pilot program convinced Corteva reconsidering Madura
- **Task force to explore the business opportunity further:**
  - Detailed market analysis, detailed problem analysis, detailed information gap analyses
  - Identify ways to deal with risks
  - Develop promotion and distribution plans
  - Develop sales targets and impact projections

One-off activities
Changing farmers behavior
(PRISMA expertise)
40%

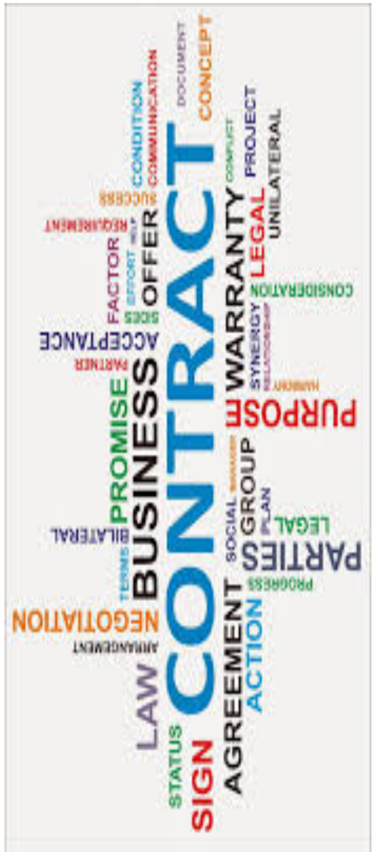
All other costs
All other activities
(Corteva expertise)
60%

Joined planning

Who does? Who pays?

Good Deal

Formalizing the deal with Corteva



- **Dec 2015**: PRISMA completed RIA including Due Diligence
- **May 2016**: PRISMA drafted a Partnership Agreement (PA) contract with activity plan and budget where PRISMA would reimburse Corteva based on agreed workplan. Corteva refused to sign Partnership Agreement – their legal advisor pointed out the complicating taxation issues
- **Oct 2016**: PRISMA and Corteva signed a Memorandum of Understanding (MOU):
  - Each party finances and manages its own agreed activities
  - In practice: Corteva conducted the activities in the field by their own staff and PRISMA manages the payment of necessary expenses (directly)

Managing the partnership with Corteva (2016-2018)

- **Monthly Meetings with Territory Leader** Madura market
- **Semester meetings with Area Manager and the focal person at National level**
- **Regular reporting** – progress reports and meeting minutes to national and regional offices

After completing the partnership with Corteva in 2018

- **Concluding workshop:**
  - It worked!
  - Sales increased from 3MT to 63MT;
  - 13,550 farmers increased incomes by 170%

1. **Corteva to expand in Madura**
2. **Corteva to focus on female farmers**
3. **Corteva to expand in other East Java districts**:
   - Corteva requested similar support for its East Java mainland business
   - The request matches with PRISMA's strategy for mainland East Java
   - PRISMA agreed to provide strategic support – marketing strategy development, guideline for sales person recruitment and testing of new ideas in *difficult to reach regions* within East Java

And what about AHSTI?

PRISMA and AHSTI had piloted the initial business model……….

AHSTI opted to focus on working with the government by supplying seeds and improving their free-seed distribution program, supported by PRISMA