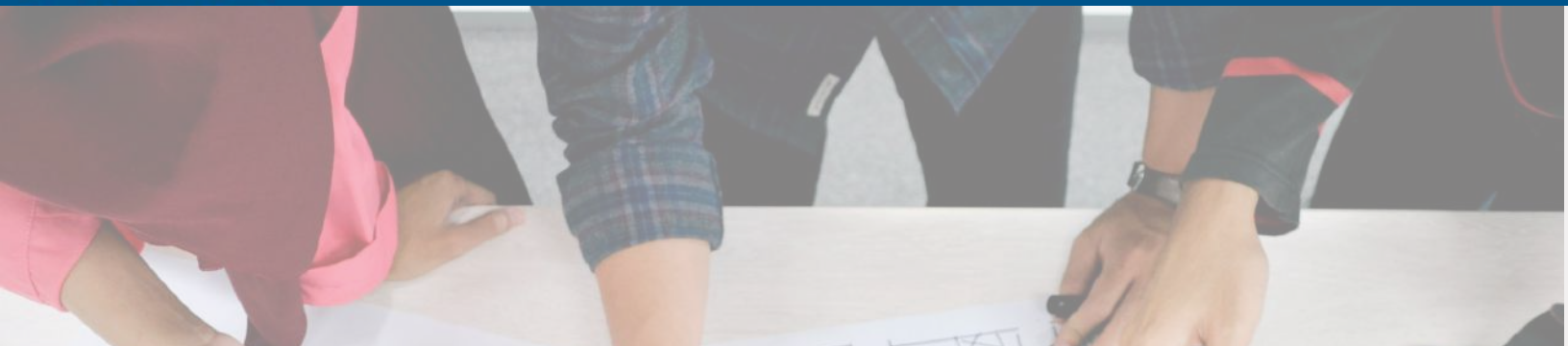




Private Sector Engagement (PSE) Assessing Partnering Experience



USAID
FROM THE AMERICAN PEOPLE

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Background Research

USAID has been a leader in private sector engagement (PSE) within the development sector. This wealth of experience informs current USAID practices and processes when engaging the private sector (PS) and is the foundation for the PSE Policy. Through its PSE Policy, USAID has taken a strategic approach to consult, strategize, align, collaborate, and implement with the PS to achieve greater scale, sustainability, and effectiveness of development or humanitarian outcomes. However, despite an existing body of evidence on PSE practices and effects of PSE approaches, critical gaps remain in understanding how to most effectively engage with the PS to achieve and sustain results. To better understand USAID's PSE processes and potential bottlenecks, in 2018 the Center for Transformational Partnerships (Lab/CTP, now DDI/PSE Hub) funded the LASER PULSE¹ program to conduct USAID's PSE Process Analysis research. For details on the larger research project, please visit this [link](#). For accessing the executive summary, please visit this [link](#).

RESEARCH AIM & METHODS

Examined the causes and contexts of sub-optimal or unintended outcomes and looked to identify root causes, with an eye towards sharing appropriate lessons learned and opportunities for improvement in PSE throughout USAID.

The research team used a systems engineering and multi-stakeholder perspective approaches to examine the end-to-end private sector engagement process employed by USAID including problem definition, partner selection, engagement negotiation, implementation, and closeout. This work aims to add valuable insights into engagement processes that can enhance the success of PSE.

RESEARCH TAKEAWAYS

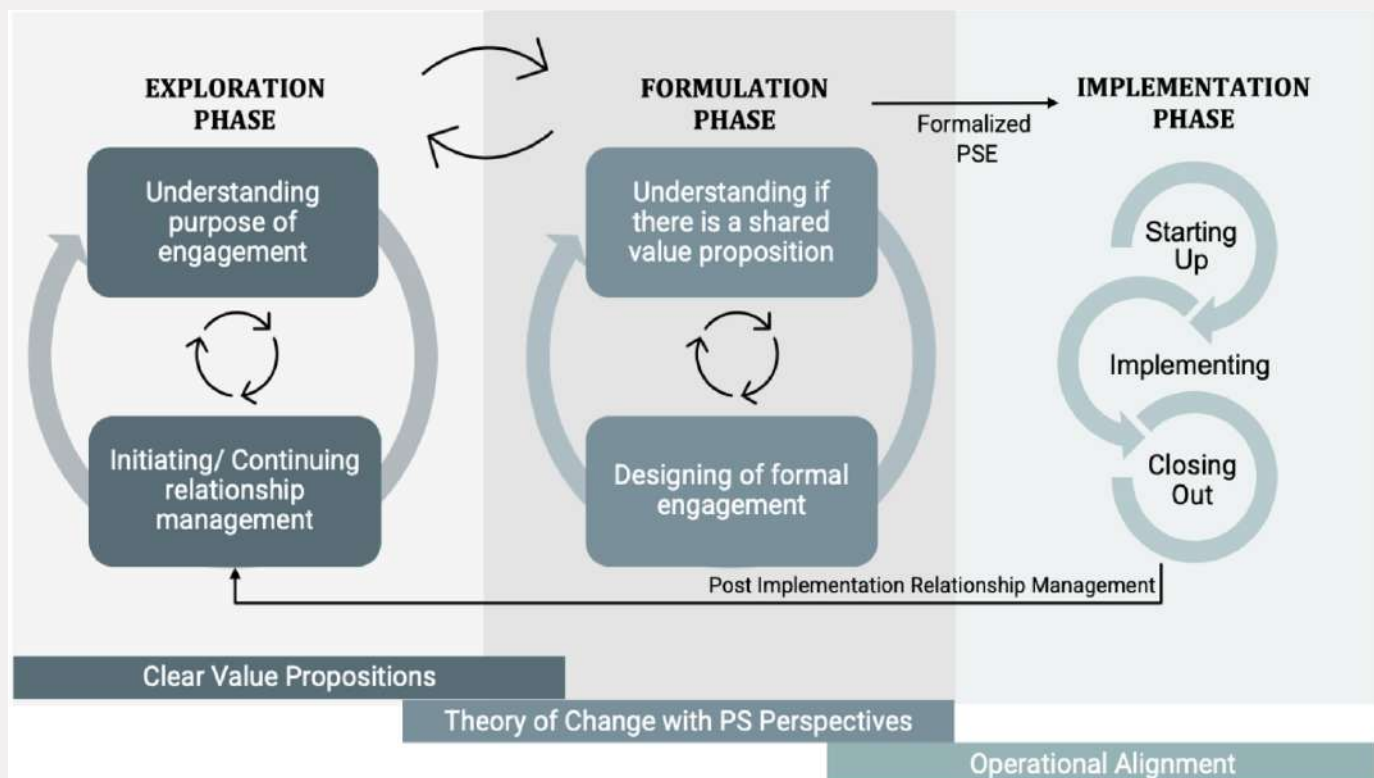
- 1 To engage different types of PS partners including local businesses in a meaningful way, it is essential to have more streamlined processes and clear communication channels with PS.
- 2 A 'good' or 'satisfactory' partnering experience is important to formalize the engagement and continue to stay engaged. PS and USAID operate differently. We found the misalignment in shared values and operational expectations were key causes for poor partnering experience for PS.
- 3 To reduce bottlenecks in the process and make the overall partnering experience better, PS perspectives need to be included in the design of theories of change for activities that include PS engagement.

¹ LASER (Long-term Assistance and SErvices for Research) PULSE (Partners for University-Led Solutions Engine) is a five-year, \$70M program funded through USAID's Innovation, Technology, and Research (ITR) Hub, that delivers research-driven solutions to field-sourced development challenges in USAID interest countries. A consortium led by Purdue University, with core partners Catholic Relief Services, Indiana University, Makerere University, and the University of Notre Dame, implements the LASER PULSE program through a growing network of 2,700+ researchers and development practitioners in 61 countries. LASER PULSE collaborates with USAID missions, bureaus, and independent offices and other local stakeholders to identify research needs for critical development challenges, and funds and strengthens capacity of researcher-practitioner teams to co-design solutions that translate into policy and practice.

Private Sector Engagement Lifecycle

USAID's PSE Lifecycle is nonlinear, cyclical and complex in nature, consisting of three interrelated phases (Exploration, Formulation and Implementation). These phases require an underlying foundation of:

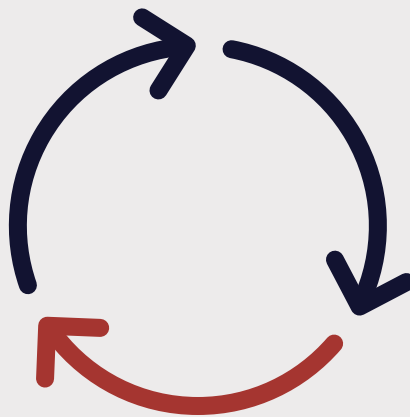
- **Clear value propositions** for each stakeholder to participate in the engagement (cost benefit analysis)
- **Well-articulated Theory of Change** that outlines how the contributions of the various partners (value proposition) will result in the intended outcomes
- **Agreed shared values** of how the results will be achieved
- **Well-defined operational alignment** among the partners that outlines how they will work together, where they will work, how decisions will be made, and how conflicts and communication will be managed to foster an environment that promotes effective engagement among the partners



Partner's Experience Connected to Their Continued Engagement in the Partnership

Partnering Experience for PS During the PSE Lifecycle

When PS did not have a positive and satisfactory experience engaging with USAID, their level of commitment and level of engagement reduced, resulting in bottlenecks in the process and suboptimal outcomes of PSE activities



Perceived Worth of Continued Engagement (PWCE)

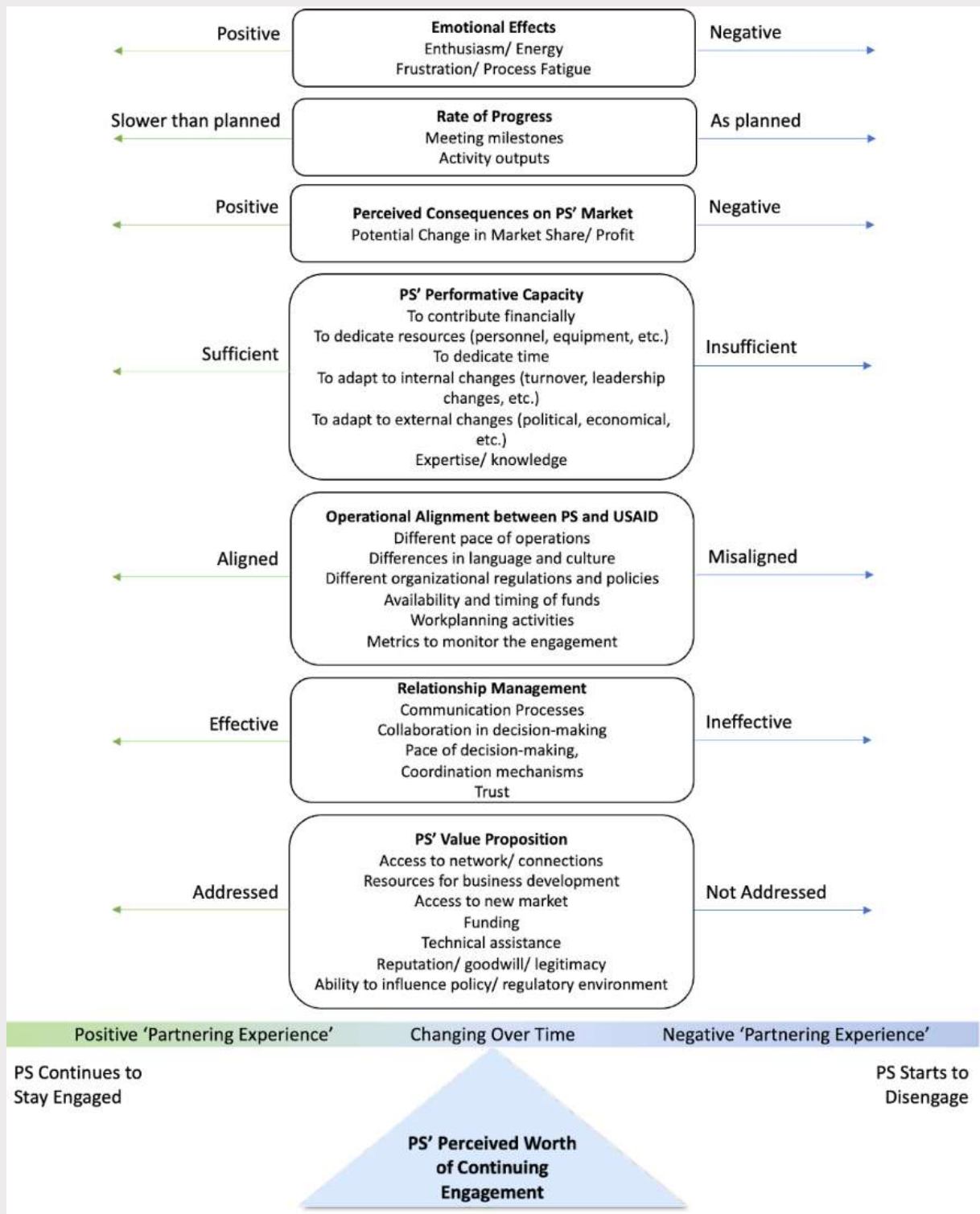
There are several factors, both internal (partnership dynamics) and external (changes in the business environment) that result in either a more positive or a more negative 'partnering experience'. Understanding these factors that incentivize and disincentive engagement can provide insights for USAID to foster sustained PS engagement throughout the PSE lifecycle.

PS' 'partnering experience' at any point in the PSE Lifecycle was based on whether they perceived that there was ENOUGH WORTH in staying engaged and continuing their participation in the PSE activities. We establish this phenomenon as '*PS' Perceived Worth of Continuing Engagement (PWCE)*' in the PSE Lifecycle.

When the 'partnering experience' was positive, "BENEFITS" of engaging outweighed the 'Costs', and PS continued their participation. On the other hand, when the 'partnering experience' was negative, "COSTS" of engaging outweighed the 'Benefits', and the PS reduced or withdrew their support. This ratio fluctuated across all three phases of the PSE Lifecycle.

Factors Influencing Partnering Experience

We have presented a framework to understand factors that influence the private sector's partnering experience throughout the PSE Lifecycle, from Exploration through Implementation phases. These factors were often related and compounding in nature. We found that PS' Perceived Worth of Continued Engagement (PWCE) decreased when they experienced challenges in one of these factors, and compounded as challenges were experienced in more than one factor. If the PWCE dropped below their threshold when costs outweigh benefits, PS reduced their involvement and/or disengaged altogether, negatively impacting the engagement's overall success.



Steps To Assess 'Partnering Experience'

Please use this survey to regularly assess each partner's partnering experience, specifically the private sector partner. We recommend that partnership managers use this survey every few months as a pulse check. If the responses to the questions in this survey have a lower score, then, USAID and all partners should pause and reflect collectively on what improvements need to be made.

1

Use the Partnering Survey to Assess Partnering Experience

Disseminate the Partnering Experience Survey to all partners, especially PS at a regular basis (every 6 months) during the Implementation phase of the PSE lifecycle as a pulse-check.

2

Identify Factors Negatively Impacting Perceived Worth of Engagement (PWCE)

Analyze the survey results, and identify which factors are negatively impacting the partner's experience.

3

Facilitate Dialogue to Improve Partnering Experience

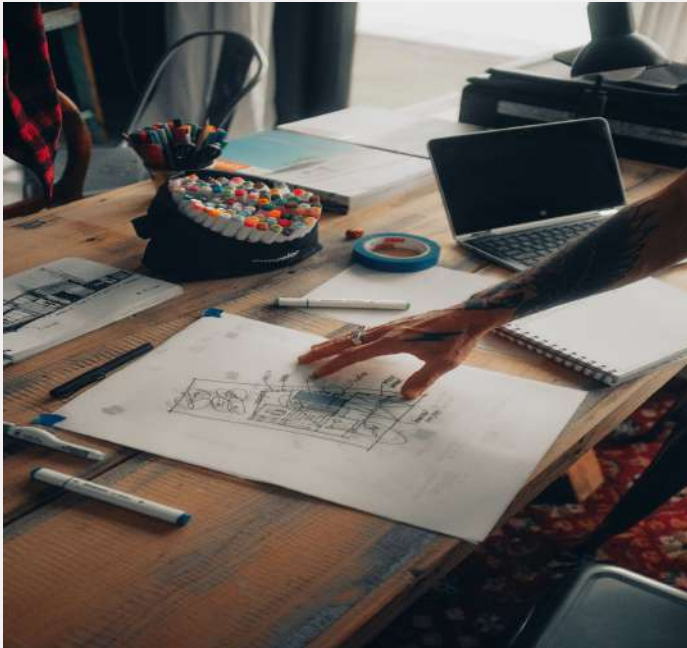
Dedicate time and resources to facilitate a constructive dialogue among partners to address the issues raised in the Partnering Experience Survey. If the different factors that were scored poorly on the survey are not intentionally addressed in a timely manner, could compound over time, resulting in frustration, delays or disengagement.

4

Revisit the PSE Design Addendum

If several factors were identified with very low scores, it is recommended to revisit the PSE Design Addendum to make needed adjustments to the designed PSE activities. For example, if PS's value proposition was reported as not addressed in the survey, the PSE activities should be re-designed.

Using Partnering Experience Survey



WHAT IS THE PURPOSE OF THE PARTNERING EXPERIENCE SURVEY?

Having a negative partnering experience was found to reduce PS' commitment to the partnership both during and after the partnership lifecycle. We developed this questionnaire to regularly assess PS' partnering experience throughout the PSE Lifecycle. This survey can be used as a pulse check as it allows partners to self-assess whether they are having a positive or negative partnering experience at a moment-in-time, and should be followed up with constructive dialogue to address any issues identified from the survey results. The insights from this survey are particularly useful for USAID as it provides insights on how to incentivize the PS partners to continue their commitment to the engagement throughout the PSE lifecycle and potentially after the partnership ends.

WHO SHOULD USE THIS SURVEY?

This survey was developed to be used by all partners engaged in private sector engagements or partnerships. However, the survey focuses on capturing private sector partners' experiences specifically as they are a 'new' sector partner in international development. We recommend that the partnership managers disseminate this survey to all private sector partners on a regular basis.

WHEN TO USE THIS SURVEY?

This survey should be used during the Implementation phase, after the partnership is established, and when partnership activities are being implemented. The survey should be used at a regular interval in the partnership duration to assess partnering experience.



Partnering Experience Survey

Please use this survey to regularly assess each partner's partnering experience, specifically the private sector partner. We recommend that partnership managers use this survey every few months as a pulse check. If the responses to the questions in this survey have a lower score, then, USAID and all partners should pause and reflect collectively on what improvements need to be made.

Assessing inclusion of value propositions

All partners involved in the PSE have their own perceived value proposition for engaging in this partnership. If the PSE activities are designed without PS perspectives, PS' perceived worth of continuing engagement (PWCE) will reduce over time. Examples of Private Sector's value propositions include both altruistic reasons and growth such as access to new markets, good will and legitimacy, and their ability to influence policy or regulatory environment.

PS' PWCE is very dependent on their perception of whether participating in the engagement would impact their market share or profit margins. At any point in the PSE Lifecycle, engaging with USAID and adhering to USAID policies and regulations such as trade restrictions can create perceived risk to their market dynamics.

1. Had you/ your organization articulated its value proposition when designing the PSE activity? (We recommend using the PSE Design Addendum if partners are unclear on what value they expect out of this engagement)

☐ Yes ☐ No ☐ Maybe

2. Do you believe that your value proposition is addressed in the design and implementation of PSE activities?

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5
Not at all Very much

3. How do you perceive this engagement might impact the private sector organization's standing in the market (market share, profit, or market reputation)?

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5
Negatively Positively

Assessing overall relational health of the partnership

Trust plays an important role in facilitating effective communication, decision-making and coordination processes between USAID, PS and other partners involved in PSE. Breakdown in relationship management is often interrelated with operational misalignment, rate of progress and emotional effects on the individuals involved.

Emotional affects such as frustration and enthusiasm are cumulative factors as they compound when partners face challenges and impact overall ‘partnering experience’.

1. How would you (PS) rate the relational health of the formalized engagement?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

Very toxic

Very healthy

2. Are your perspectives included in the decision-making?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

Not at all

Very much

3. Is there trust among all the partners?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

Not at all

Very much

4. What is your level of enthusiasm at this point to continue engaging in the partnership?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

Not at all

Very much

Operational misalignment among partners, specifically USAID and the private sector (PS) cause process delays which further cause frustration and potential financial implications for PS, resulting in reduced perceived worth of continued engagement for PS. Examples of operational misalignment include language, cultural norms, policies and regulations, timing of funds, work planning and reporting. The rate at which the PSE is making progress, achieving milestones, implementing the planned PSE activities, and generating outputs influences PWCE. The rate of progress is dependent on operational alignment and partners' performative capacity.

- [illegible]

- ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5
- Not at all Very much

- ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5
- Not at all Very much

- ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5
- Not at all Very much

- [illegible]

- ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5
- Not at all Very much

Assessing partner's performative capacity

Partners perceived worth of engagement is dependent on their ability to contribute and participate in PSE activities. Their capacity range across several variables including dedicated resources, expertise, knowledge, and their ability to adapt to internal changes and consequences of the changes.

1. At this moment, are you (your organization) able to contribute financially to the engagement?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

Not at all

Very much

2. At this moment, are you (your organization) able to dedicate enough staff/ personnel to the engagement?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

Not at all

Very much

3. At this moment, do you (your staff) have the right expertise and knowledge to contribute towards the engagement activities?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

Not at all

Very much

4. At this moment, are you (your organization) able to adapt to any internal changes (e.g., turnover) occurring in the engagement?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

Not at all

Very much

5. At this moment, are you (your organization) able to adapt to any external changes impacting the engagement?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

Not at all

Very much

PSE Resources & Tools

EXPLORATION & FORMULATION

- 1 **8 Field-based Case Studies:** Use to understand different ways USAID has conducted PSE processes across different sectors and regions. *[Developed as part of this research study]*
- 2 **PSE Opportunities Tool:** Use when developing the Country Development Cooperation Strategies (CDCS), at the strategic level, activity design, or at the partnership level (including for unsolicited proposals from the private sector).
- 3 **PSE Addendum** to USAID's Theory of Change Workbook: Use when designing and formulating the partnership structure, processes and implementation activities. *[Developed as part of this research study]*
- 4 **Harmonizing Indicators Tool:** Use when identifying and negotiating shared partnership metrics for reporting.

IMPLEMENTATION



- 5 **Partnering Experience Survey:** Use to monitor partnership relationship health throughout the PSE Lifecycle. *[Developed as part of this research study]*
- 6 **Partnership Bottleneck Checklist:** Use to collectively identify common partnership challenges and bottlenecks that might be causing delays in the partnership process. *[Developed as part of this research study]*
- 7 **Partnership Root Causes Checklist:** Use to identify root causes that are contributing to bottlenecks in partnership processes, and for facilitating constructive, problem-solving dialogue among partners. *[Developed as part of this research study]*

CLOSEOUT

- 8 **Partnership Outcome Review:** Use to better understand internal USAID evaluation requirements, processes, and practices during partnership closeout.
- 9 **Partnership Success Dissemination:** Use to communicate partnership results via a case study.
- 10 **Measure Enduring Results:** Use to design an ex-post evaluation of partnership outcomes.



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