



## Developing Partnerships with Market Actors - Facilitating MOUs

*Based on experience working with Kenya Markets Trust*

As EVI has supported the facilitation of partnerships through Kenya Markets Trust's Market Assistance Programme, we have had several reflections around learning in the area of developing partnerships with market actors, specifically in the area of creating documents reflecting the partnership. Several insights are captured here.

### **MOU follows not leads**

A discussion on the need for and content of a Memorandum of Understanding (MOU) is most effective when it follows the technical discussion, not leads it.

### **Formal, complex MOUs are not always required**

It's useful to ask what the minimum requirement is to move the collaboration forward (rather than presuming that it is a very formal MOU). It appears that public and government institutions have more formal MOU requirements than private institutions.

As an example: We presumed that Strathmore University would want a formal MOU, but rather than using the term "MOU", we asked them what they might require to formalize the discussions and start working together, and they said that a one-page letter outlining very basic intentions was more than enough.

### **Reframe from the perspective of why the market actor would want to do this regardless of your support**

It is useful to guide a market actor or institution to recognize what they would want to be doing anyway in a specific technical area, and then to position the

development organization in helping them to get there more quickly or with better technical assistance. This is in strong contrast to focusing on what the development organization wants the institution to be doing or what it could fund. The discussion and text in any follow up document can be reframed as what the institution may want to be doing regardless of any support... even if the development organization is really 'facipulating' (subtly facilitating and manipulating) this discussion.

### **Frame intention as increasing speed and quality of activity**

Rather than positioning the development organization as funding activities that the market actor is taking on, it is useful to frame this as the development organization helping to speed up the activity and providing technical assistance in implementing it.

### **Create institutional ownership and continuity**

It is useful to frame the discussion around what can be done to institutionalize the activity. In this way the institution sees this as the development organization helping them to do something that they want to do anyway, rather than the institution doing this just because the development organization wants them to (and just because they might get some funds to do it).

As an example: When talking to a college about starting an aquaculture training course, they spoke about always offering initial courses for free until funding ran out at which time they then start offering the courses for a fee. We turned the conversation around in terms of saying that we would not be funding an initial course, but simply helping them to deliver it as part of their service offerings, and helping to advertise it through the development organization's networks with farmers and service providers. This helped to change the conversation from donor-supporting-a-course to partnering-in-developing-a-brilliant-course-model.

As an example: In discussions about using youth comic books and radio shows to promote youth entrepreneurship messaging in Kenya, we positioned initial financing as a way for the media company to leverage additional finances to negotiate a much longer 3 year strategy with other advertisers and funders around the same message, so that the media company becomes known for putting out youth entrepreneurship messaging and starts developing relationships with other entities that want to start helping it to do so.

### **Create energy around perfecting the activity rather than compiling a MOU**

The word MOU often sparks the market actor to think: “yummy, what money is on the table for us”, rather than their own excitement in putting the new type of activity in place.

For example: The MOU with a university in Kenya on developing a SME-internship programme describes role and responsibilities without putting a dollar value to these and without any money mentioned from the development organization. In this way the whole expectation around money and seeing the development organization as a donor has been put aside and the focus is on the excitement for the university to put in place a new model for an internship program.

### **Create shared roles and responsibilities**

It is important not to create the expectation that the donor organization will come into a partnership and provide all of the expertise with little to no responsibility from the market actor or institution. It is necessary from the onset of a partnership to identify roles and responsibilities, particularly where those are shared. This could mean that the donor organization will work closely with the market actor or institution to build the capacity of staff, such as through a training. This is also important when it comes to measuring outcomes; the market actor or institution should be expected to work with the donor organization to reach the target.

As an example: The MOU with a university in Kenya on developing a SME-internship programme includes the training of university staff. We included in the MOU that the university staff will be trained to function as a program coordinator to oversee the

rollout of all program activities, thereby giving the university staff buy-in to the outcome of the partnership.

### **Create a perception of value around technical input, not just hard cash**

It is useful to recognize that the development organization and its consultants’ time are of significant value. The development organization’s contribution can be framed in such a way to the institution or market actor. It is not always necessary to provide an additional cost share.

### **Cost-share rather than simply funding**

(Still need to put some text here)

Cost-share inherently guarantees the market actor or institution’s buy-in and minimizes risk. If the donor organization were to simply fund, the market actor or institution would have little to no say in the project’s activities. Further, if the donor organization fails to meet its target and outcomes, the market actor or institution can easily step back and say “we take no responsibility, as we were not involved in the decision making.” Cost-sharing places responsibility on both sides of the partnership, prevents the free rider problem.

### **Cost-share as though the activity is already part of the market system**

If financial support is needed, cost shares can be framed in a way that it appears that they are not directly supporting the setup but rather the actual roll out of the activity. In this way, the development organization is supporting a mechanism that has already established how it will be working in the market.

For example: When speaking to universities in Kenya about starting to offer a SME training course, rather than committing to cost-sharing the cost of the course, it was useful to say that once the university works out what it would charge as its usual registration fee, the development organization could potentially cover some of the registration fees for SMEs signing up for the course. In this way the university becomes used to setting registration fees and letting the market know the real cost of doing so, rather than thinking of itself as providing a donor-supported training. The registration fees could be

paid directly to the university or even through the SMEs.

### **Use context-appropriate language that market actors can relate to**

In discussions and in preparing partnership letters or MOUs, use language that the market actors can relate to, which is generally quite different from a development organization's typical framing of a topic. Describe the development organization in terms of what they are trying to achieve in the specific area of work related to this activity, not the overall market systems focus of the development organization (which is hard for a market actor to understand).

For example: In the MOU with a university in Kenya, the development organization's role was adapted from being described as working with market actors to take ownership of processes through its market systems development focus, to something that the university could relate to more closely: "the development organization, through this activity, seeks to assist universities and SMEs to forge closer ties as part of its efforts to increase incomes and jobs throughout Kenya."