

Facilitation

Private Sector Engagement Toolkit - Tip Sheet #7:

In general terms **facilitation** is the process of making something easier or moving something forward.

In a market-development approach, facilitation seeks catalyze a market system (all the elements of the market) while remaining outside that market system. In regards to private sector engagement, facilitation is further narrowed to focus creating relationships with private firms or between private firms, and aiding them in the least intrusive way possible such that they can sustainably support our goals without our ongoing intervention. Facilitation falls into two broad categories; networking and providing access to services. It can take many forms, and when engaging with the private sector includes:¹

- Implementing a process for developing and sharing new ideas between market actors.
- Providing technical assistance and other information to market actors on new opportunities.
- Introducing new business ideas and providing technical support and limited financial support (smart subsidies) to defray initial risk.

Principles of Facilitation:

There are a good set of principles that support facilitation. These are applicable when working with lead firms (those with strong market linkages and the ability to promote integration of MSMEs into value chains) and with other private firms.²

- Promoting relationships between market actors. This includes respecting the experience and knowledge of private partners, allowing firms to work out the most appropriate business relationships and commercial terms between them, and not negotiating on behalf of market actors.
- Choosing the appropriate private sector firms to work with, including those that are most financially stable, have the right number and type of commercial linkages, and have potential to be lead firms if they are not already.
- Structuring collaboration between firms. Among other things this includes building trust and maintaining confidentiality, building collaboration over time, being cautious about over-incentivizing lead firms to work with micro, small and medium

enterprises (MSMEs), minimizing the monitoring and evaluation requirements for lead firms and MSMEs, and understanding the incentives and risks that lead firms have when working with MSMEs.

- Ensuring sustainability of impact includes being able to change strategy in response to market changes, being realistic about the time it takes to change markets, being aware of the impact subsidies can have, and accounting for implicit subsidies, such as reliance on NGO staff.

Characteristics of good facilitators:

There are a few key attributes that effective facilitators demonstrate when working on PSE programs:³

1. Familiarity: Building strong relationships with private sector partners and other key market actors so they can demonstrate understanding and empathy while remaining adequately impartial;
2. Understanding: Having enough experience and knowledge to be able to adequately analyze the market system, identify weakness and opportunities, and propose solutions that add value;
3. Entrepreneurial: The ability to recognize market opportunities that can drive systemic change, and the ability to communicate those opportunities so that firms and other market actors can identify and respond to the opportunity and support that change.
4. Independence: Remaining independent and neutral from the perspectives of the various actors, and that independence is recognized by all market actors engaged in the project.

CONTACT

Mercy Corps Global Headquarters
45 S.W. Ankeny Street
Portland, OR 97204
503.896.5000
800.292.3355

Ted Volchok
Senior Advisor, Economic and Market Development
tvolchok@mercy Corps.org

09-14

¹ Adapted from “A Synthesis of the Making Markets Work for the Poor (M4P) Approach” DFID/SDC

² Adapted from AFE, Field Facilitation Working Group, cycle 1 report

³ Adapted from “A Synthesis of the Making Markets Work for the Poor (M4P) Approach” DFID/SDC