



Private Sector Engagement Policy

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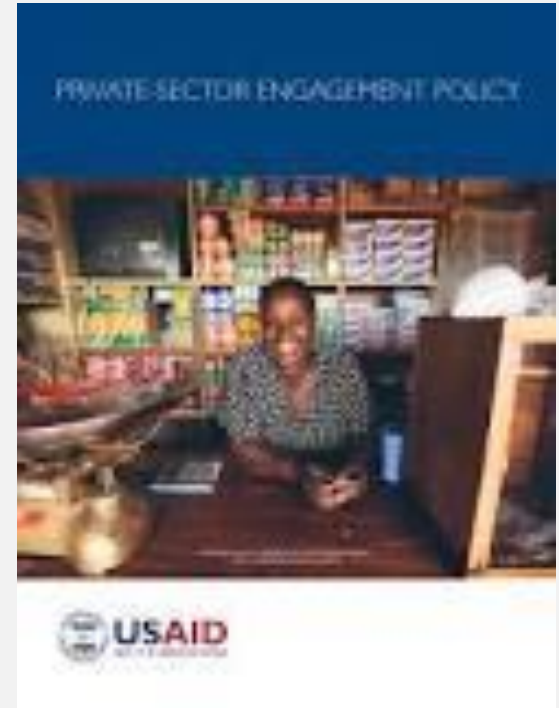


AGENDA

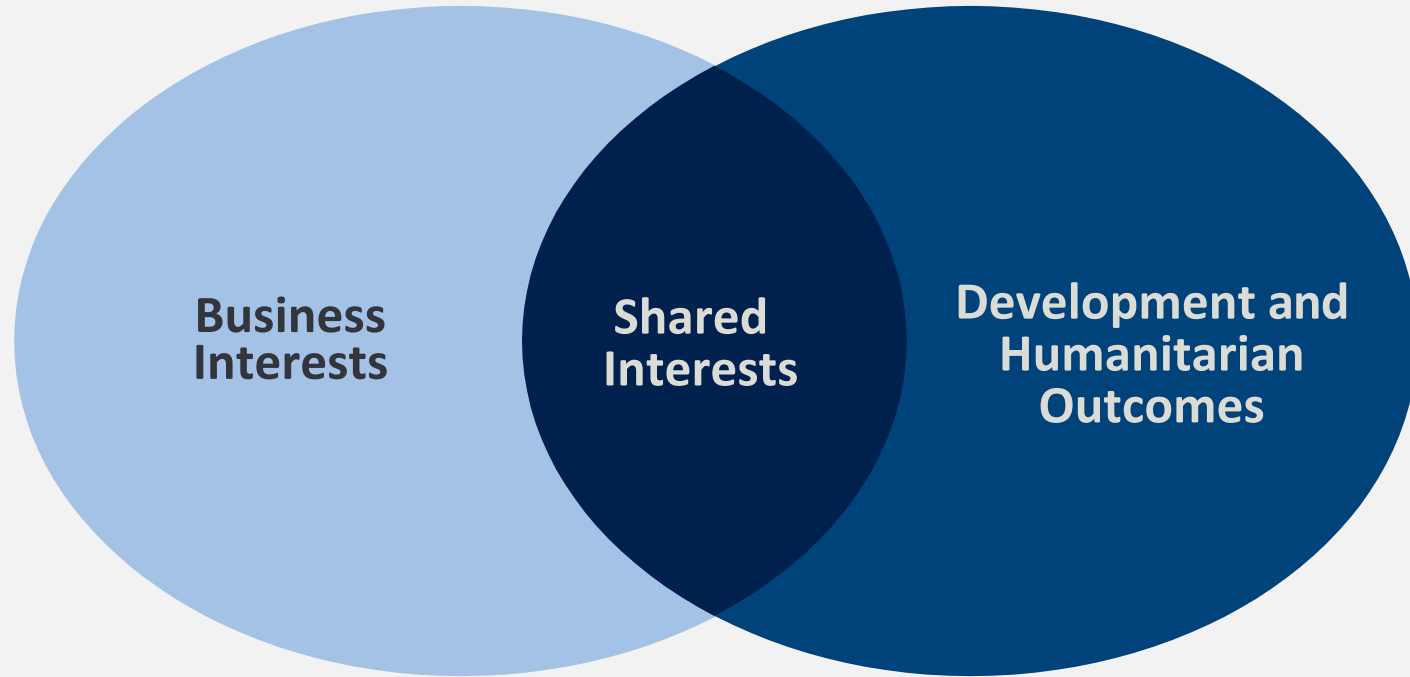
- **Overview of PSE Policy**
 - Market-Based Approaches
 - Who is the Private Sector in PSE
 - Ways to USAID Engages with the Private Sector
- **Overview of PSE Learning and Evidence Plan**
 - Goals
 - Key Questions
 - Key Studies

Overview of PSE Policy

- The PSE Policy is part of the T3 process under the Journey to Self-Reliance pillar, but it touches on several of the pillars.
- It is related to the new Acquisition and Awards reform, which allows more flexibility and opportunities to work with the Private Sector



Shared Interests



Key Messages from PSE Policy

PSE is a pathway to help countries advance to self-reliance.

Private Sector Engagement

- A means to an end
- Spans a spectrum of different types of engagement
- Important to all stages of the self-reliance journey
- Relevant across sectors and contexts

Tap private sector resources, innovation, and expertise

Catalyze private investment and activity by jointly addressing market barriers

Enterprise-driven development
Jointly pursue market-based approaches and solutions

Will require a **MAJOR** cultural/operational transformation

Will require us to change how we work

Comparative Advantage

USAID Value

- Strong In-Country Networks and Relationships
- Strengthen Enabling Environments
- Sectoral Expertise/Knowledge
- Risk Mitigation/Flexible Authorities
- Reputation/Convening Power

Private Value

- Scale, Sustainability, and Reach
- Ability to Influence Policy
- Innovation, Expertise, and Capabilities
- Flexibility and Pace
- Efficiency and Effectiveness

Who is the Private Sector?

PRIVATE SECTOR

- **For-profit entities and their affiliated foundations, investors, business associations**— including large, medium & small businesses as well as US, multinational, regional and local businesses.
- **For-profit approaches** (e.g., Investment funds, social franchises, social marketing, total market approach, innovative financing)

NOT PRIVATE SECTOR

- Family Foundations
- Non-Government Organizations
- Faith-Based Organizations

Who is the Private Sector in Health?

Type	Examples
Private Providers	<i>Non-Profit/Faith-Based providers (Market-based approaches). Prof Assoc</i>
	For-profit service providers, labs, pharmacies/drug shops
Training Schools	Medical, Nursing, Pharmacy
Healthcare	Pharmaceutical. Medical Device, Importers, Wholesalers
Enablers	Banks, ICT, Insurance, Transportation, Logistics
Workplace	Extractives, Plantations, Garments
Food companies	Millers, food processors
Consumer Goods	Unilever, Johnson and Johnson

What's New About This Policy

Mandate for USAID staff & partners to ask these questions *every time* they approach a development or humanitarian issue

Can the private sector solve the problem by itself?

Could there be a market-based approach to address this challenge?

What are the roles/interests of private sector the challenge?

What factors are constraining the private from involvement and interest?

Is there a role for USAID to help Alleviate the constraints?

HEALTH MARKETS

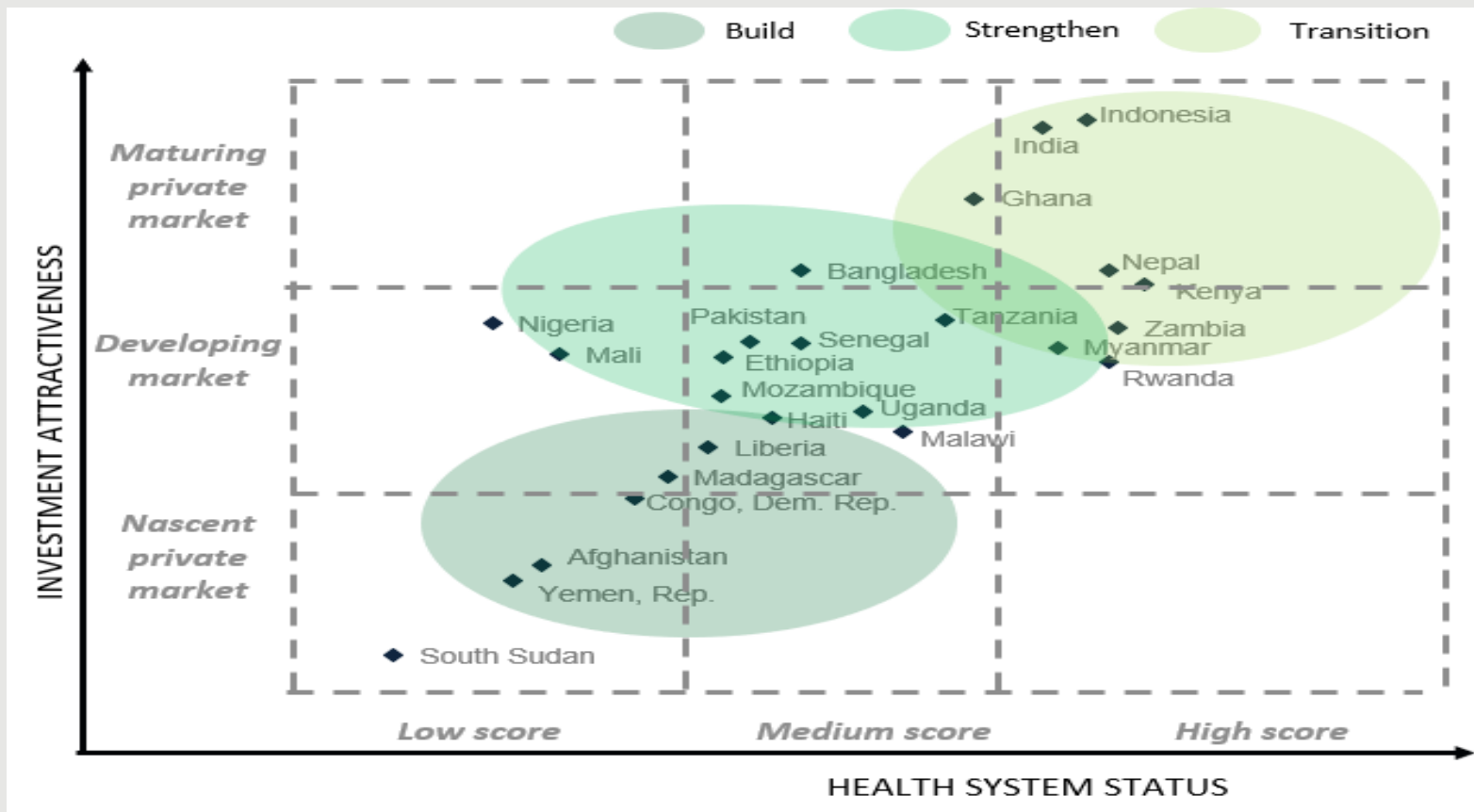
MARKET FAILURES

- Restrictive policy/regulatory environment
- Low consumer demand
- Poor quality of private services
- Ineffective financing mechanisms
- Inefficient supply chains
- Insufficient numbers of quality healthcare professionals for the entire health market.

MARKET-BASED APPROACHES

- Pro-Business Growth Regulations to
- Social Franchising
- Total Market Approach
- Financial (social) protection programs
- Blended/Innovative financing
- Harness the Private Sector;
- Strategic Purchasing/Pooled Procurement
- Innovation.

Blended Finance Roadmap, USAID 25 PCMD countries



PSE SPANS A SPECTRUM OF DIFFERENT TYPES OF ENGAGEMENT



- USAID is the driver
- Activities and assistance leverage private-sector resources and expertise
- Might or might not be aligned with commercial interests or core business operations

- USAID is a co-creator
- Joint identification of challenges
- Joint design and programming that address shared interests, including through co-creation of market-based approaches

- USAID is the facilitator
- Activities and assistance address private-sector constraints or risks
- Engagements build on for-profit and market-based approaches to challenges

Ways USAID Engages with Private Sector

- Information Sharing/Strategic Alignment/Convening Power
- Harnessing Private Sector Expertise and Innovation
- Catalyzing Private Sector Resources
- Unlocking Private Capital/De-risking Opportunities
- Strengthening Enabling Environment
- Advancing Learning and Market Research

Ways USAID Engages the Private Sector

Engagement	USAID Role in Engagement
Strategic Alignment (Convening Power)	<p>USAID Indonesia convened public/private actors to jointly identify key evidence gaps to improve MNH for underserved populations. Using best practices, USAID provided a multi-stakeholder platform to support co-creation to test possible solutions.</p>
	<p>USAID Global Health helped convene partners to understand the problems for people needing assistive technologies (AT) (e.g. wheelchairs, eyeglasses). As a result, USAID has joined a larger partnership to help 500 million people get the needed AT through market-shaping approaches; partnerships with the private sector to build and serve markets in the lowest-resource countries; and catalyzing innovation to design and introduce suitable AT.</p>

Ways USAID Engages the Private Sector

Engagement	USAID's Role in Engagement
Harness Private Sector Expertise/ Innovation	USAID Nepal worked with local pharmaceutical manufacturers, the MOH and implementing partners to support the production and use of chlorhexidine gel. Producing it locally built in-country capacities that support Nepal's journey to self-reliance.
	USAID's Aspen Management Partnership (AMP) works to build the leadership and management MOH capacity to scale community health systems by secondment of private sector expertise to develop an investment case and improve leadership.

Ways USAID Engages the Private Sector

Engagement	USAID Role in Engagement
Leverage Private Sector Resources /Platforms	USAID/India works with UBS Optimus Foundation (UBS-OF) to accredit private providers to offer quality MNH services, based on standards. UBS-OF provides the working capital for accreditation. Only after they reach the quality threshold, does USAID and Merck pay for quality outcomes.
	USAID partnered with Coca-Cola leveraging their market intelligence to GPS Mozambique routes and recommend revision to warehouse locations with potential savings of \$250,000.
	USAID/Uganda convened its IPs across the entire mission to aggregate their ICT demand. They approached network providers to negotiate volume discounts that resulted in 40% discount in monthly internet service cost in their field offices.

Ways USAID Engages the Private Sector

Engagement	USAID Role in Engagement
Unlock Private Capital	USAID/Tanzania worked with the Malaria Safe Initiative, 65 companies to provides malaria prevent and treatment to their employees.
	USAID/Uganda had a Development Credit Authority(DCA) with Centenary Bank (a microfinance institution). TA was provided by the bilateral Private Health Services project to both the Bank, to under-stand the health sector, and to private service providers to develop finance records and business skills to be able to receive and utilize loans. Centenary significantly increased loans to health business

Ways USAID Engages the Private Sector

Engagement	Example
Enabling Environment	USAID Tanzania advocated with the MOH to allow private midwives to provide ARTs, greatly improved uptake of ARTs.
Learning/ Market Research	USAID Vietnam conducted a market analysis to segment the market, based on their need for HIV services and ability to pay. This enabled the GOV to prioritize their resources for the most vulnerable and support growth of a commercial market for those who could pay; attracting private sector investment and allowing USAID support to be phased out.

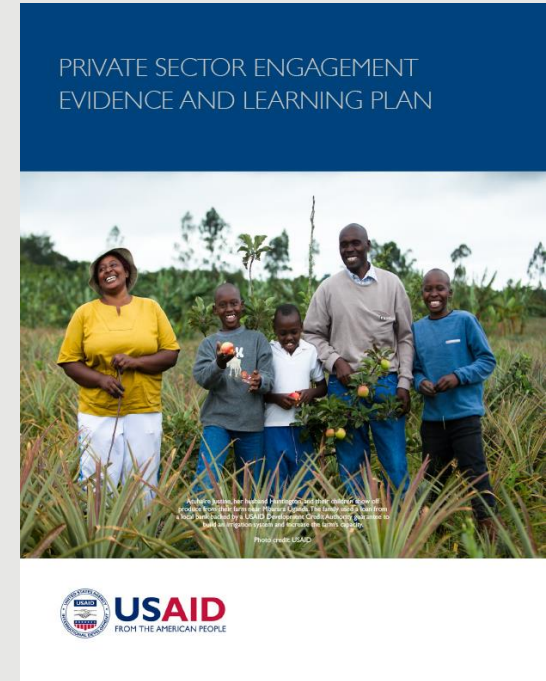
PSE Evidence and Learning Plan

Goal:

1. Fill critical knowledge gaps
2. Improve the rigor of PSE research/evaluation

Priority Questions

1. How and to what extent does PSE improve development and humanitarian outcomes?
2. What context-specific factors drive effective engagement with the private sector?
3. What PSE relationship qualities influence results?



Q1: Extent that PSE improves development outcomes?

Key Elements

Assess key value propositions of PSE, including:

- Scale, sustainability, and reach;
- Ability to influence policy;
- Innovation, expertise, and capabilities;
- Flexibility and pace; and
- Efficiency and effectiveness.

Key Studies

- PSE Evidence Gap Map- Notre Dame
- Partnership Enduring Results Study- CRS
- 20 year Development Credit Authority Evaluation-USAID
- Global Trade Facilitation Alliance Midterm Review-USAID

Q2: Context-specific factors that drive effective PSE

Key Elements

- Sector-specific insights and industry knowledge;
- Political economy and local system characteristics; and
- Organizational and individual motivations to join and participate in partnerships

Key Studies

- Private Sector Perspectives Study- Purdue University
- Risk Failure Analysis- Purdue University
- Policy and Process Review of Cooperatives in Africa- USAID

Q3:What PSE relationship qualities influence results?

Key Element

Better understand how to:

- initiate, build, structure, and manage relationships with or without a formal private-sector partnership; and
- account for private-sector interests and attributes.

Key Studies

- Comparative Analysis of How USAID Missions operationalize PSE
- Review of USAID's approach to Multi-Stakeholder Initiatives- USAID
- PSE Failure Analysis- USAID
- Lessons Learned from USAID's Feed the Future Partnering for Innovation Program

Questions???

