

A woman with a warm smile is the central focus of the image. She is wearing a patterned blue and white top. She stands behind a wooden counter in a small, cluttered shop. The shelves behind her are filled with various goods, including boxes of "Family" brand instant noodles, "ABC" brand instant noodles, and other packaged items. A television set is visible on a shelf in the background. To the left, there are boxes of "WAX MATCHES" and "SUN'S LIMITED". A large metal scale is on the counter in the foreground. A blue cup is on the counter to the right of the woman. The shop has a rustic, lived-in feel with wooden walls and shelves.

The U.S. Agency for International Development and the Private Sector

07 June 2022

Private enterprise is one of the most powerful forces for lifting lives, strengthening communities, and accelerating self-reliance.



PHOTO: USAID



The private sector includes...

- For-profit, commercial entities and their affiliated foundations
- Financial intermediaries (e.g. banks, funds)
- Business associations
- Large, medium and small businesses
- Multinational, regional and local businesses
- For-profit approaches (e.g. a venture fund launched by a NGO)

What is Private Sector Engagement (PSE)?

PSE is a strategic approach to planning and programming where USAID consults, strategizes, aligns, collaborates, and implements with the private sector for greater scale, sustainability, and effectiveness of development or humanitarian outcomes.

Emerging economies have investment potential



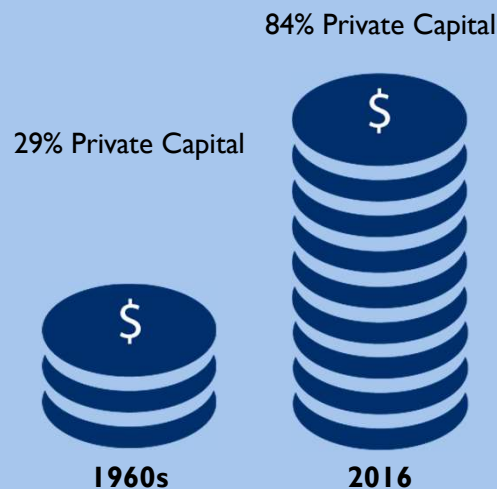
Fastest growing markets

Accounted for **70% of global output growth** from 2010-2015



Drastic Increases in Consumer Spending
Consumer spending growth estimated to be **3x faster** than developed markets from 2015-2030

Financial flows to developing countries have changed dramatically



WHY NOW?

- **Trends:** Financial flows outpace development assistance.
- **Growing Alignment:** Markets in developing countries are increasingly attractive to investors and companies.
- **Scale:** Only the private sector's resources and capabilities can match the scale and complexity of the challenges countries face on their Journey to Self Reliance.
- **Pathways to Self-Reliance:** Businesses create nine out of 10 jobs in the developing world.
- **Sustainability:** As providers of market-based solutions, the private sector has the power to strengthen the sustainability of outcomes.

When is there a role for the private sector?

USAID staff and partners ask and assess these questions every time we approach development and humanitarian issues:

Can the private sector solve this problem by itself?

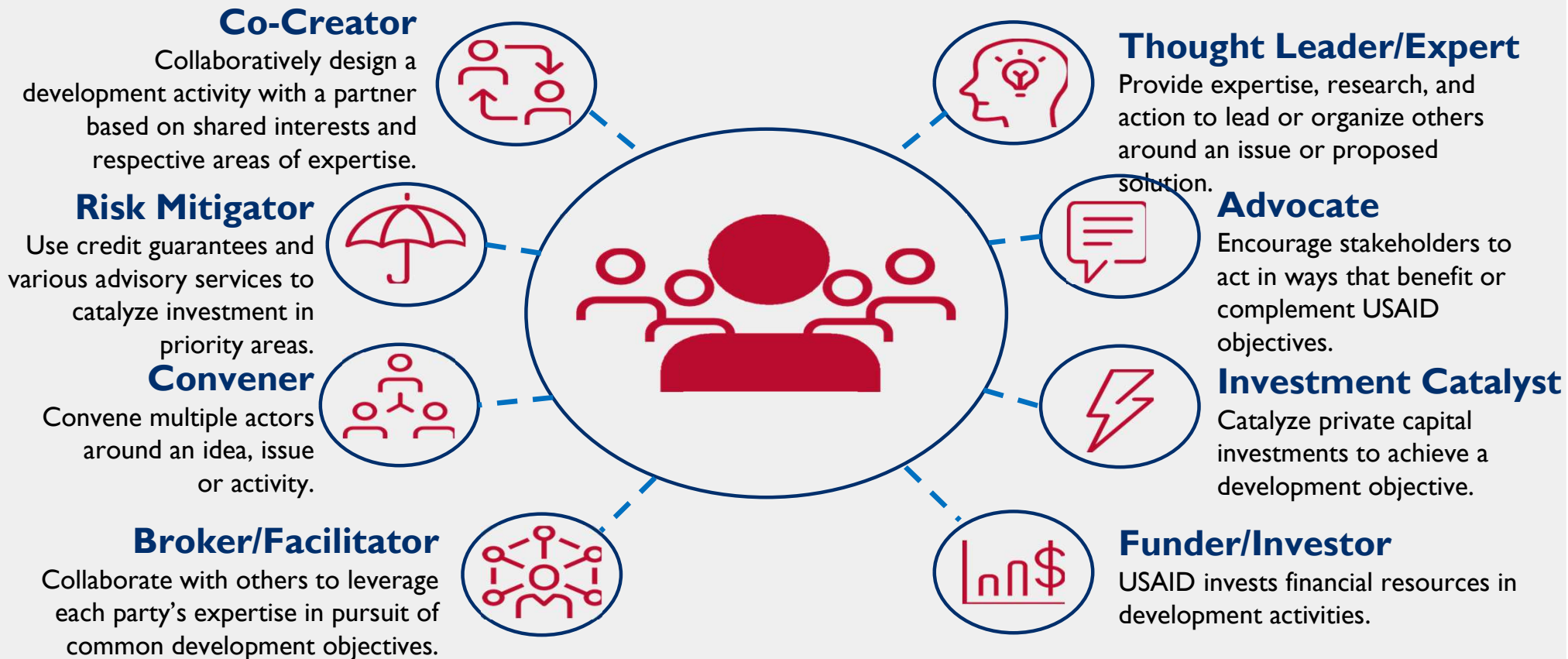
Could there be a market-based approach to addressing this challenge?

What are the roles and interests of the private sector in addressing this challenge?

Are there factors constraining the private sector from involvement and investment?

Is there a role for USAID to help alleviate or eliminate these constraints?

USAID and the private sector can bring value to partnerships in a variety of roles.



Priorities for the Private Sector in Southeast Asia



26% aim to invest in sustainability



22% cited a desire to reduce risk and crime



21% aim to build capacity



21% want to convene like-minded actors



19% want to catalyze industry change

Challenges for the Private Sector in Southeast Asia



48% cited data issues. Includes challenges with data compliance, accuracy, access, and ownership.



36% cited enabling environment challenges. A lack of, or poorly-aligned regulations, taxation, and policies as hindering their business priorities.



24% cited human capital issues. These issues include a lack of capacity within companies and their consumers, including gaps in the digital and financial literacy of their customers.



18% cited a lack of prioritization inhibiting their priorities. Organizations struggle to implement changes because their business or development interests are not prioritized internally, by customers, or by governments.



16% cited challenges with costs. Organizations adopting new technologies and approaches cite the high cost of those solutions as a barrier to meeting their goals.

Co-Designing Solutions for Plastic Pollution in Timor-Leste

PROBLEM

1.3 million people generating 70 tons of plastic waste each day



PRIVATE SECTOR PARTNERS



CO-DESIGN APPROACH

- Identify business needs of Heineken and Caltech
- Identify common values and each party's capabilities to deliver
- Over time, build trust and confidence

RESULT

Established a
“Plastics Solutions Alliance”

- Is a value chain for single-use plastic
- Creates jobs for plastics collectors
- Adds to TL's manufacturing base
- Diversifies the economy

Thank you!

