FUNDAMENTALS of PRIVATE SECTOR ENGAGEMENT

SUFIA PSE Webinar Session 1 June 7, 2022



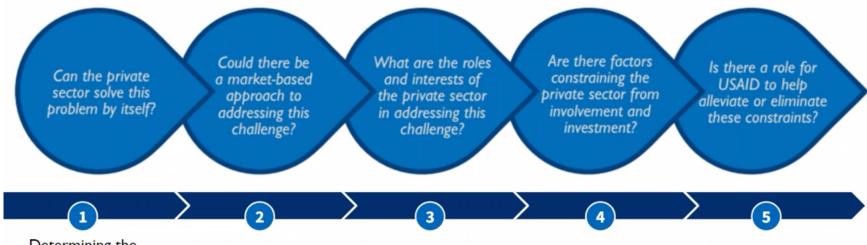


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USAID'S PSE OPPORTUNITIES TOOL



Determining the

items or services

that people or

communities need (or

would benefit from) to

address the challenge

and which private

sector actors may be

able to provide

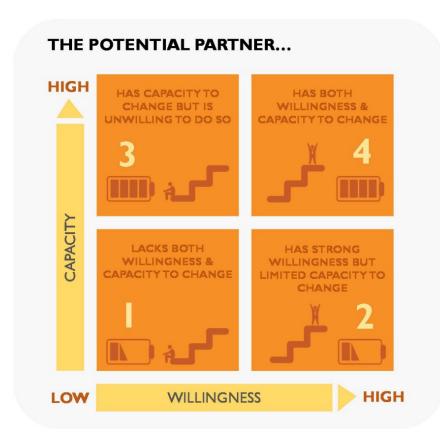
assistance

Identifying the target population groups, their **demand** for these items or services, and the market dynamics at play Examining whether potential firms are willing to provide (supply) these items or services to the target populations

Identifying
constraints to the
private sector actors
who are providing
these items or
services to the
target populations

Brainstorming ways
USAID can help
address these
constraints and
ensure its role is
additional in this
market-based
approach

Assessing Potential Partners



- High will, high skill: Potential partner appears both competent and willing to change. Engagement options include (1) identifying pre-commercial areas that need focus to scale their model, or (2) conducting further analysis on factors to improve in the business enabling environment.
- Low will, high skill: Potential partner has capacity to change but interest and motivation to change is low. Engagement should focus on making the business case for change or reducing incremental risk associated with change.
- High will, low skill: Potential partner displays strong incentives & is responsive but capacity to pursue change is underdeveloped. Engagement should focus on building partner's skills and knowledge to operate outside current comfort zone to deliver desired change.
 - Low will, low skill: Potential partner lacks incentive and capacity to change. Engagement options include (1) reconsidering the feasibility of change, or (2) using a hard sell strategy to develop the competence and motivation of the partner.

SOURCE: AIP-RURAL Deal Making & Relationship Management Guidelines for private sector partners





TIP #1: BE CURIOUS!



Understand What Motivates the Private Sector

Businesses are driven to engage in development and partner with USAID to:



Drive growth and profitability

Revenue growth, new markets, new customers, new products



Mitigate risk

Political, operating, financial, market, reputational, etc.



Achieve sustainability goals

Reduce environmental impact, positive impact on employees and communities



Attract and retain talent

Employee engagement, recruitment, healthy and productive workforce



Strengthen reputation and relationships

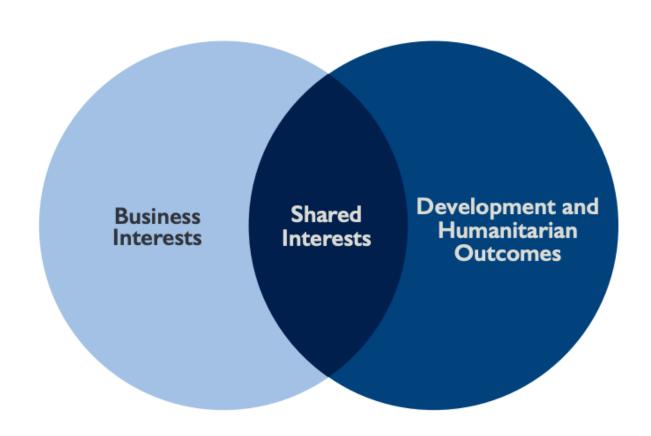
Improve image, build relationships with governments and communities, secure "license to operate"



Innovate

Enable business outcomes through reduced cost, increased profitability, improved quality and efficiency

TIP #2: ALIGN INTERESTS!

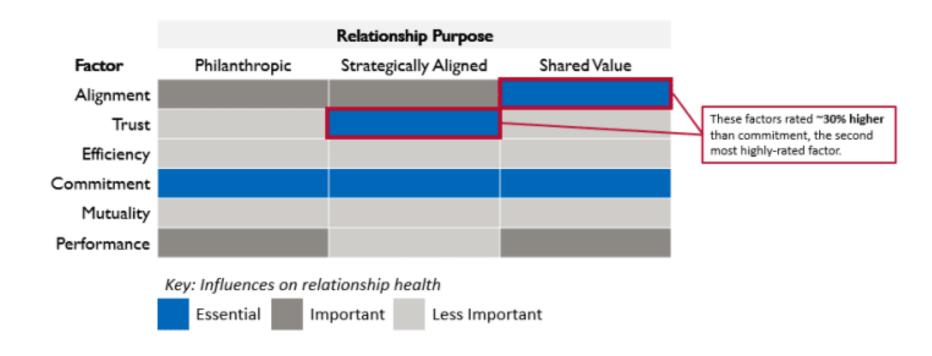




TIP #3: INVEST IN RELATIONSHIPS!



RELATIONSHIP HEALTH FACTORS



Source: USAID's partnership health: 5 lessons from the private sector



TIP #4: MAKE IT WORTH THE EFFORT!



VALUE PROPOSITIONS



USAID OFFERS

Strong In-Country Networks and Relationships

Support to Strengthen Enabling Environments

Sectoral Expertise and Knowledge

Risk-Mitigation and Flexible Authorities

Reputation and Credible Convening Power



SHARED INTEREST

USAID and private sector are **co-creators**

Joint identification of challenges

Joint design and programming that address shared interests, including through co-creation of market-based approaches



PRIVATE SECTOR OFFERS

Scale, Sustainability, and Reach

Ability to Influence Policy

Innovation, Expertise, and Capabilities

Flexibility and Pace

Efficiency and Effectiveness

Job Creation and Service Provision

Sustainability • Innovation • Expertise • Market Solutions • Investment



TIP #5: PLAN FOR TRANSITIONS!

REMINDER OF MY TOP 5 PSE TIPS

