Agency Priority Goal Action Plan

Private-Sector Engagement

Goal Leaders:

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Overview

Goal Statement

Expand engagement with the private sector to achieve greater development outcomes. By September 30, 2021, 100 percent of USAID Missions will have a Private-Sector Engagement (PSE) Plan in place that integrates country-specific PSE approaches into programming and operations, and 90 percent of USAID Missions will demonstrate action taken in line with their PSE Plan.

Challenge

Private sources now represent nearly 90 percent of financial flows to developing countries,[1] and dwarf Official Development Assistance. The private sector creates nine out of ten jobs in the developing world[2] and provides an important pathway to self-reliance. On their own, donor agencies are unable to fulfill their goals for sustainable development. The public sector alone does not have the resources to match the scale and complexity of the challenges that communities face on the Journey to Self-Reliance.

Opportunities

- Changes in the global development context have increased the alignment of interests between the private sector and development actors.
- There is growing recognition within the private sector of the need for, and benefits of, investing in the developing world. Governments are expanding efforts to diversify their economies and connect with capital for investment.
- To capitalize on these opportunities and move closer to ending the need for assistance, USAID must increase and deepen our collaboration with the private sector.

Barriers	Actions to Address
- PSE requires a shift in the Agency's corporate culture and mindsets, which takes time and requires a robust and concerted strategy. - PSE presents challenges with already-stretched bandwidths. - Perceived and real contracting impediments and risk-averse culture can discourage innovation.	- Developing a repository of compelling PSE stories that illustrate the strategic shift in PSE and how it is different from traditional approaches; - Encouraging working groups to distribute the responsibility, including by including PSE in employees' work objectives; and - Offering training targeted at contracting and legal staff, increasing awareness of Agency's Risk-Appetite Statement, and joining efforts with Effective Partnering and Procurement Reform.

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[1] The Index of Global Philanthropy and Remittances 2016, Hudson Institute, 2016, page 9.

[2] *World Development Report 2013*, World Bank 2013, page 7; and Jobs Study: Assessing Private-Sector Contributions to Job-Creation and Poverty-Reduction, January 2013, International Finance Corporation.

Goal Leadership

USAID's PSE Hub

The PSE Hub is part of the new Bureau for Development, Democracy, and Innovation (DDI), which became operational in November 2020. The Hub brings together the Office of Private Capital and Microenterprise in the former Bureau for Economic Growth, Education, and the Environment; and the Center for Transformational Partnerships in the former U.S. Global Development Lab. The PSE Hub is leading efforts to advance the implementation and institutionalization of USAID's PSE Policy.

The Vision for the PSE Hub

Housed in the DDI Bureau, the PSE Hub supports USAID's Operating Units (OUs) to advance the use of market-based approaches to deliver development and humanitarian results across all sectors. The Hub will drive transformation in the Agency's culture and operations to embrace greater collaboration with the private sector in achieving outcomes.

The PSE Hub will coordinate USAID's efforts to broaden our relationships with commercial entities and transform the way the Agency conceives of, designs, and delivers programs. This includes the development of USAID-specific frameworks for working and co-investing with private companies to create new tools; aligning incentives for staff; and bolstering processes to facilitate PSE throughout the Agency's programs, from design to evaluation, and in every sector.
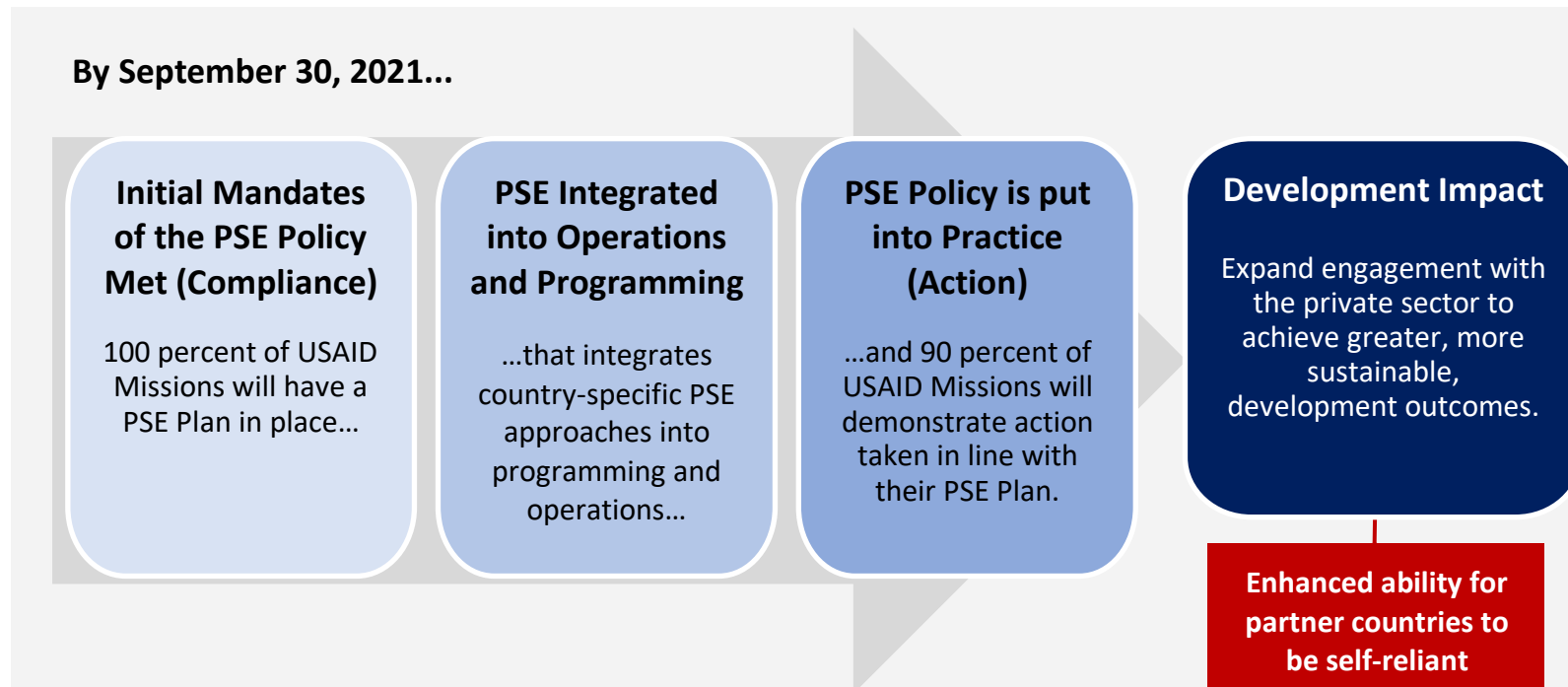
The goals of the future PSE Hub include the following:

1. Adopting more market-based solutions to development and humanitarian challenges;
2. Seeking to address market failures proactively through the Agency's programs in every sector; and
3. Increasing significantly innovation in, and collaboration with, private enterprise across USAID's work.

Goal Structure and Strategies

USAID's PSE Policy is an Agency-wide call to action to work hand-in-hand with the private sector to conceive, design, and deliver our development and humanitarian programs across all sectors. USAID is building local capacities and institutions that bolster national self-reliance. To move the Agency closer to achieving our goal of ending the need for assistance, USAID is prioritizing sustainable, market-based solutions; the mobilization of private capital to expand the scale of development programs and their outcomes; and greater collaboration with the private sector.

The Agency Priority Goal (APG) on PSE will report on our progress made in implementing USAID's PSE Policy along the three phases outlined below.

By September 30, 2021...

Initial Mandates of the PSE Policy Met (Compliance)	**PSE Integrated into Operations and Programming**	**PSE Policy is put into Practice (Action)**	**Development Impact**
100 percent of USAID Missions will have a PSE Plan in place...	...that integrates country-specific PSE approaches into programming and operations...	...and 90 percent of USAID Missions will demonstrate action taken in line with their PSE Plan.	Expand engagement with the private sector to achieve greater, more sustainable, development outcomes.

Enhanced ability for partner countries to be self-reliant

Summary of Progress - Fourth Quarter (Q4) of FY 2020

During the Fourth Quarter (Q4) of FY 2020, USAID continued to make progress in engaging the private sector and institutionalizing PSE as a key approach to delivering programming:

- USAID's PSE Community of Practice has grown to 1,958 staff, and a total of 453 employees have joined the PSE platform (PSE Knowledge-Exchange) for peer-to-peer exchange of experiences and approaches. During Q4, 46 new staff joined the Knowledge-Exchange, and the community shared 43 topics, which generated 90 posts. Top discussion topics included ideas on how to work with large corporations, sharing examples of Memoranda of Understanding with multiple private-sector partners, and how best to amplify USAID's PSE efforts on social media.
- To protect the health and safety of our staff during the pandemic of COVID-19, USAID cancelled in-person training sessions in Q3 of FY 2020. In Q4, USAID transferred approximately 80 hours of curricula to on-line delivery. As a result, limited on-line training resumed in Q4, and the Agency plans additional training for Q1 of FY 2021.
- USAID launched the *PSE Actions Dashboard* internally during Q3 of FY 2020 and the Agency's PSE Points of Contact updated the data in Q4. This powerful new tool allows our staff to gain insights and analyze how the Agency is advancing PSE in our programming and operations. Our Missions and OUs reported approximately 1,500 PSE actions, 64 percent of which are "in process" or "completed." The most-commonly reported actions included integrating PSE in USAID's Program Cycle, hosting PSE training, and forming PSE Working Groups.
- The Enduring Results Study 3.0, completed during Q4 of FY 2020, supports the integration of PSE into USAID's operations and programming by exploring the drivers of sustainability and scale in USAID's partnerships with the private sector. It will be a valuable resource for USAID's staff and private-sector partners when designing and implementing future engagements.
- USAID's leadership participated in several high-level webinars, such as the World Circular Economy Forum, and an online discussion hosted by Business Fights Poverty on how private-sector partnerships can promote sustainability.

Field Spotlights

Learning through Play during COVID-19 and Beyond

At the height of the pandemic in April 2020, over 1.68 billion children worldwide were at home, kept away from their daily school routines as a result of the global pandemic of COVID-19. Government Ministers, school administrators and teachers, and parents are all working to figure out how to support the continuation of learning, as well as prepare for the return to school.

As part of a growing partnership begun in the middle of 2019, The LEGO Foundation and USAID joined forces during the COVID-19 crisis with the Inter-Agency Network for Education in Emergencies (INEE). The partnership between the private sector and donors will take INEE's COVID-19 response to a whole new level. Together they will develop a "virtual center" on distance education that includes a database of resources and a multilingual, peer-to-peer discussion platform to keep kids learning and prospering until schools are back at the center of their lives. Additionally, the partnership will enable INEE to establish a new network on distance education in crisis contexts and develop new advocacy resources on learner-centered approaches.

The virtual center will take the best from learner-centered approaches, including The LEGO Foundation's "Learning through Play," USAID's technical and social-emotional learning expertise, and INEE's vast network of influential actors in the education sector. The COVID-19 response highlights what The LEGO Foundation and USAID set out to do: change the way donors and the private sector work together to expand access to high-quality education. At the United Nations General Assembly in 2019, The LEGO Foundation announced the importance of collaboration with USAID on a concert stage in Central Park, saying together we can "encourage more private sector and foundations to join with donors in the fight for quality education, early childhood development, and playful learning in emergencies."

The end of the crisis is not yet in sight, but USAID and The LEGO Foundation continue to grow the partnership both at the global and country levels so children are learning, whether in school or at home.

Field Spotlights

Collaborating to Deliver Market-Driven Solutions to Plastic Waste in the Democratic Republic of Timor-Leste

People in the small island nation of Timor-Leste generate a staggering 70 tons of plastic waste on a daily basis. Plastic rubbish fuels fires, clogs critical drainage infrastructure, and washes up on the country's once-pristine beaches. This creates risks to public health and safety, threatens wildlife, and jeopardizes growth potential in the tourism sector.

The Plastics Solutions Alliance (PSA), created in October 2019, is addressing this by bringing together two of the largest companies in Timor-Leste—Heineken and Timorese construction company Caltech—with USAID, Mercy Corps, and the Korean International Cooperation Agency (KOICA) to create a value-chain for reducing single-use plastic to support the country's Journey to Self-Reliance. The alliance supports the Government of Timor-Leste's commitment to becoming "plastic-neutral" by 2030, which means that no piece of plastic enters the environment as waste.
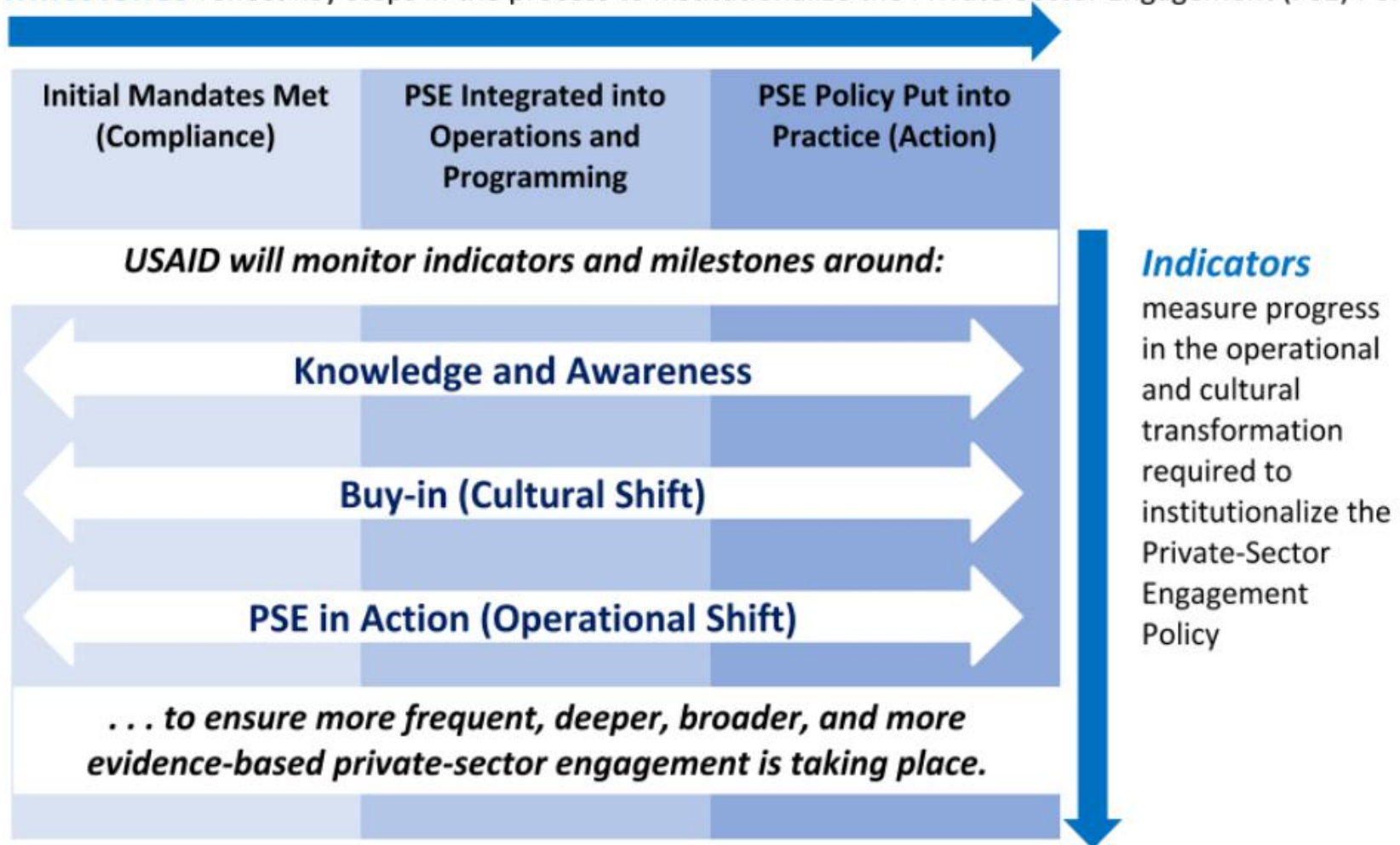
USAID and our partners are bolstering private-sector-led, market-system-driven solutions to plastic waste. Through a series of co-creation discussions, USAID and our private-sector partners identified opportunities for the alliance to help address the issue of plastic waste by turning plastic refuse into products. Under the PSA, for example, Caltech has established a facility that recycles plastic waste into road-resurfacing materials such as paving stones and aggregate for paving. Within its first week of operation, Caltech used up a stockpile of 150,000 discarded plastic water bottles and issued a call for more. To provide a steady supply of plastic waste to process, Heineken is investing in aggregation and first-stage processing for local small- and medium-sized enterprises (SMEs).

SMEs play an important role in reducing plastic waste in Timor-Leste—a role that will grow as the Alliance increases demand for recycled products and leverages innovation to reduce production costs. Heineken is investing in SMEs to increase the supply of plastic waste to processors by providing in-kind support in the form of recycling machines and training on the operation and maintenance of machines, and on health and safety. In addition, numerous SMEs are producing plastic alternative products, like bamboo straws, cassava shopping bags, biodegradable food packaging, reusable water bottles, and palm-bark plates.

The Alliance successfully has supported a number of uses for recycled plastic waste. As of September 2020, 16,850 pounds, or about 395,000 water bottles, have been recycled into 4,787 pavers, with 2,483 sold mostly to embassies and Caltech construction project sites. In response to the pandemic of COVID-19, the Alliance helped create some 30 hand-washing stations made of upcycled plastic pavers, and Caltech installed stairs made of plastic pavers at the entrance of a Timorese National Police building.

Theory of Change

Milestones reflect key steps in the process to institutionalize the Private-Sector Engagement (PSE) Policy

Initial Mandates Met (Compliance)	PSE Integrated into Operations and Programming	PSE Policy Put into Practice (Action)

USAID will monitor indicators and milestones around:

Knowledge and Awareness

Buy-in (Cultural Shift)

PSE in Action (Operational Shift)

. . . to ensure more frequent, deeper, broader, and more evidence-based private-sector engagement is taking place.

Indicators measure progress in the operational and cultural transformation required to institutionalize the Private-Sector Engagement Policy

Indicators and Milestones

Key Milestone	Milestone Due Date	Milestone Status	Comments
Compliance: 100 percent of USAID's Missions, Bureaus, and Independent Offices (M/B/IOs) have a designated Point of Contact (POC) for Private-Sector Engagement (PSE).	First Quarter (Q1) Fiscal Year (FY) 2020	Complete	The full list of USAID PSE Points of Contact is available here. Designating PSE POCs facilitates external engagement with each B/IO and serve as team leads for the implementation of the Agency's PSE Policy.
Cultural Shift: Launch the PSE Knowledge-Exchange, a listserv that enables the peer-to-peer exchange of best practices, the crowdsourcing of answers to questions, and the sharing of opportunities with private firms.	Q1 FY 2020	Complete	Successfully launched the PSE Knowledge-Exchange on October 7, 2019. To date, 453 staff have opted to join the platform and are exchanging resources and information actively.
Compliance: 97 percent of Missions have a plan in place for putting the PSE Policy into practice (submitted to the PSE Team).	Second Quarter (Q2) FY 2020	Complete	All but two Missions have submitted PSE plans to the PSE Team, which equals 98-percent compliance with the PSE Policy.
Learning: Complete PSE Evidence-Gap Map.	Q2 FY 2020	Complete	Completed design in Q2, and launched the Evidence Gap Map for use in the Third Quarter (Q3).
Integration: Develop and launch a PSE Indicator Handbook to help M/B/IOs integrate PSE better into their approaches to monitoring, evaluation, and learning.	Third Quarter (Q3) FY 2020	Delayed	USAID has made substantial progress on developing the components of the PSE Indicator Handbook. Missions have been active in providing feedback, and USAID plans to launch it in Q4 of FY 2021.
Integration: Review all Missions' *Country Development Cooperation Strategies* (CDCSs) for the integration of PSE.	Fourth Quarter (Q4) FY 2020	Complete	The PSE Team has reviewed all CDCSs in development and will continue to support Missions' work to integrate PSE into country and regional strategies.
Knowledge/Awareness: Hold a PSE Forum that brings together staff and the private sector to build skills, exchange good practices, and support an Agency community of PSE Champions.	Q4 FY 2020	Postponed[3]	USAID has postponed the PSE Forum for 2020 because of health and safety concerns related to COVID-19.
Learning: Update the PSE Evidence-Gap Map (as part of the update to the PSE Evidence and Learning Plan).	Q1 FY 2021	In Progress	
Action: M/B/IOs take stock of their efforts in PSE, and update their PSE Plans accordingly.	Q2 FY 2021	Planned	
Learning: Conduct and complete a PSE failure-risk analysis.	Q3 FY 2021	In Progress	
Action: All Missions demonstrate concrete actions taken in line with their PSE Plans.	Q4 FY 2021	In Progress	

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[3] Although the PSE Forum was postponed, the Agency continues to hold virtual quarterly PSE calls for internal staff to share information and approaches.

Indicators and Milestones

Indicators FY 2020	Baseline Fiscal Year (FY) 2019	FY 2020 First Quarter (Q1) Target	FY 2020 Q1 Actual	FY 2020 Second Quarter (Q2) Target	FY 2020 Q2 Actual	FY 2020 Third Quarter (Q3) Target	FY 2020 Q3 Actual	FY 2020 Fourth Quarter (Q4) Target	FY 2020 Q4 Actual
1. Number of staff trained on the principles of Private-Sector Engagement (PSE) [QUARTERLY]	49 staff/quarter	40[4]	83[5]	49	75	49	0[6]	49	23[7]
2. Percent of staff who "agree" or "strongly agree" that their Operating Unit adheres to USAID's PSE Policy [ANNUAL]	58 percent	N/A	N/A	N/A	N/A	N/A	N/A	63 percent	67 percent
3. Percent of Missions that report multiple active partnerships with the private sector [ANNUAL]	77 percent	N/A	N/A	N/A	N/A	N/A	N/A	80 percent	TBD[8]

[4] This target is based on the expected two training sessions per quarter. The PSE Team offers additional training sessions tailored to particular Missions or Operating Units, which could mean that USAID could exceed this target, but such training sessions are "on demand."

[5] Because of unexpected demand, USAID University conducted an additional course of the PSE and Partnerships training, which caused the Agency to exceed the target for Q1.

[6] To protect the health and safety of USAID staff during the pandemic of COVID-19, the PSE Team cancelled its planned Q3 training sessions and resumed them in a limited virtual form in Q4.

[7] Although planned in-person trainings were unable to occur due to COVID-19, USAID launched virtual training in Q4 of FY 2020.

[8] USAID is currently collecting the FY 2020 data for Indicator #3 and will report on results in Q1 of FY 2021.
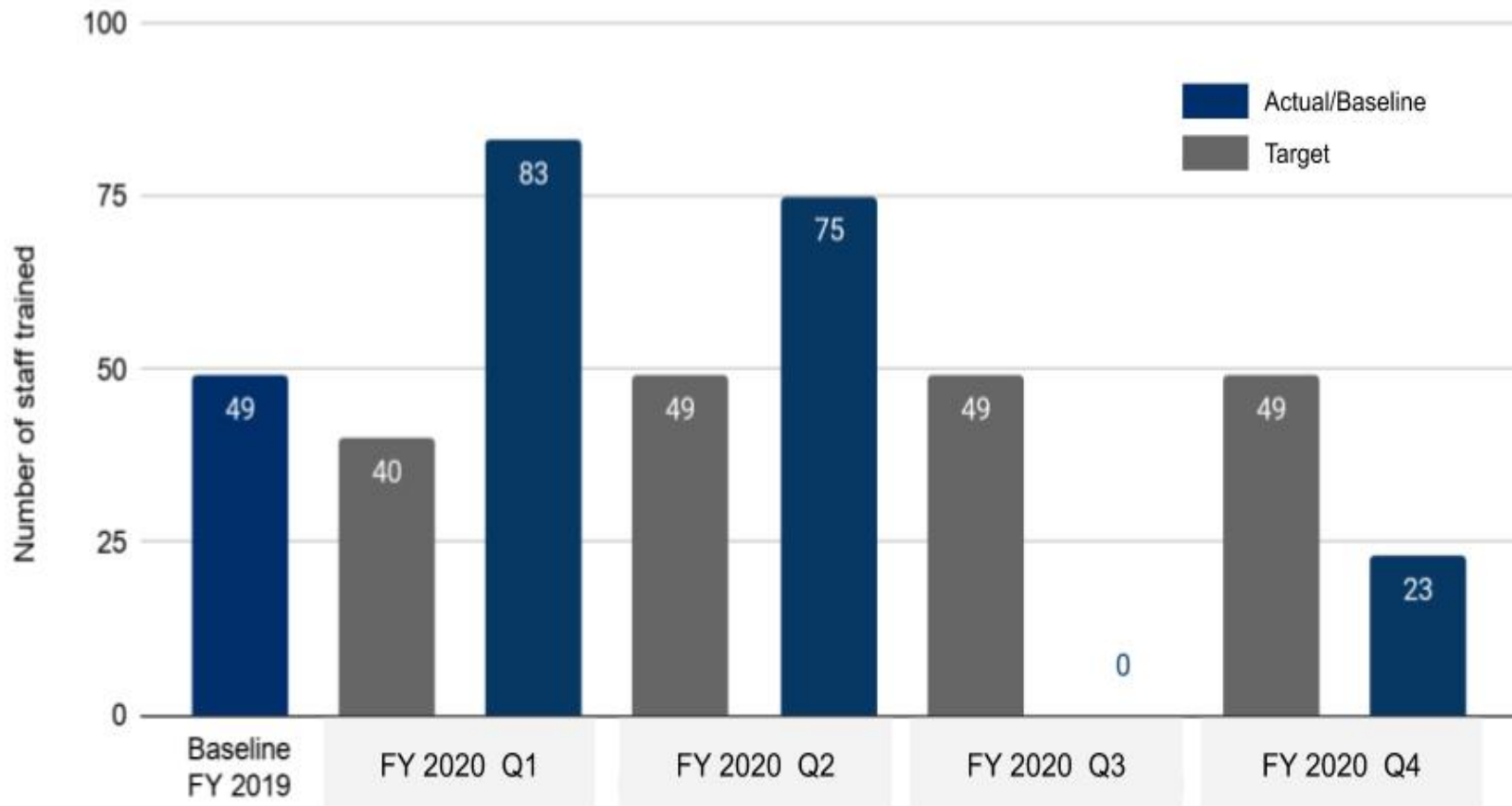
Indicators and Milestones

Indicators FY 2021	FY 2020 Actual	FY 2021 Q1 Target	FY 2021 Q1 Actual	FY 2021 Q2 Target	FY 2021 Q2Actual	FY 2021 Q3 Target	FY 2021 Q3 Actual	FY 2021 Q4 Target	FY 2021 Q4 Actual
1. Number of staff trained on the principles of PSE [QUARTERLY]	45 staff/quarter	50		50		50		50	
2. Percent of staff who "agree" or "strongly agree" that their Operating Unit adheres to USAID's PSE Policy [ANNUAL]	67 percent	N/A	N/A	N/A	N/A	N/A	N/A	68 percent	
3. Percent of Missions that report multiple active partnerships with the private sector [ANNUAL]	TBD[9]	N/A	N/A	N/A	N/A	N/A	N/A	83 percent	

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[9] USAID is currently collecting the FY 2020 data for Indicator #3 and will report on results in Q1 of FY 2021.

Indicators and Milestones

## Key Indicator 1: Number of staff trained on principles of PSE (Quarterly)

Legend:
- Actual/Baseline
- Target

Data values:
- Baseline FY 2019: Actual/Baseline 49
- FY 2020 Q1: Target 40, Actual/Baseline 83
- FY 2020 Q2: Target 49, Actual/Baseline 75
- FY 2020 Q3: Target 49, Actual/Baseline 0
- FY 2020 Q4: Target 49, Actual/Baseline 23

Y-axis: Number of staff trained (0 to 100)

Note: To protect the health and safety of USAID staff during the COVID-19 pandemic, the PSE Team cancelled training sessions for the third quarter. Limited virtual online training resumed in the fourth quarter.
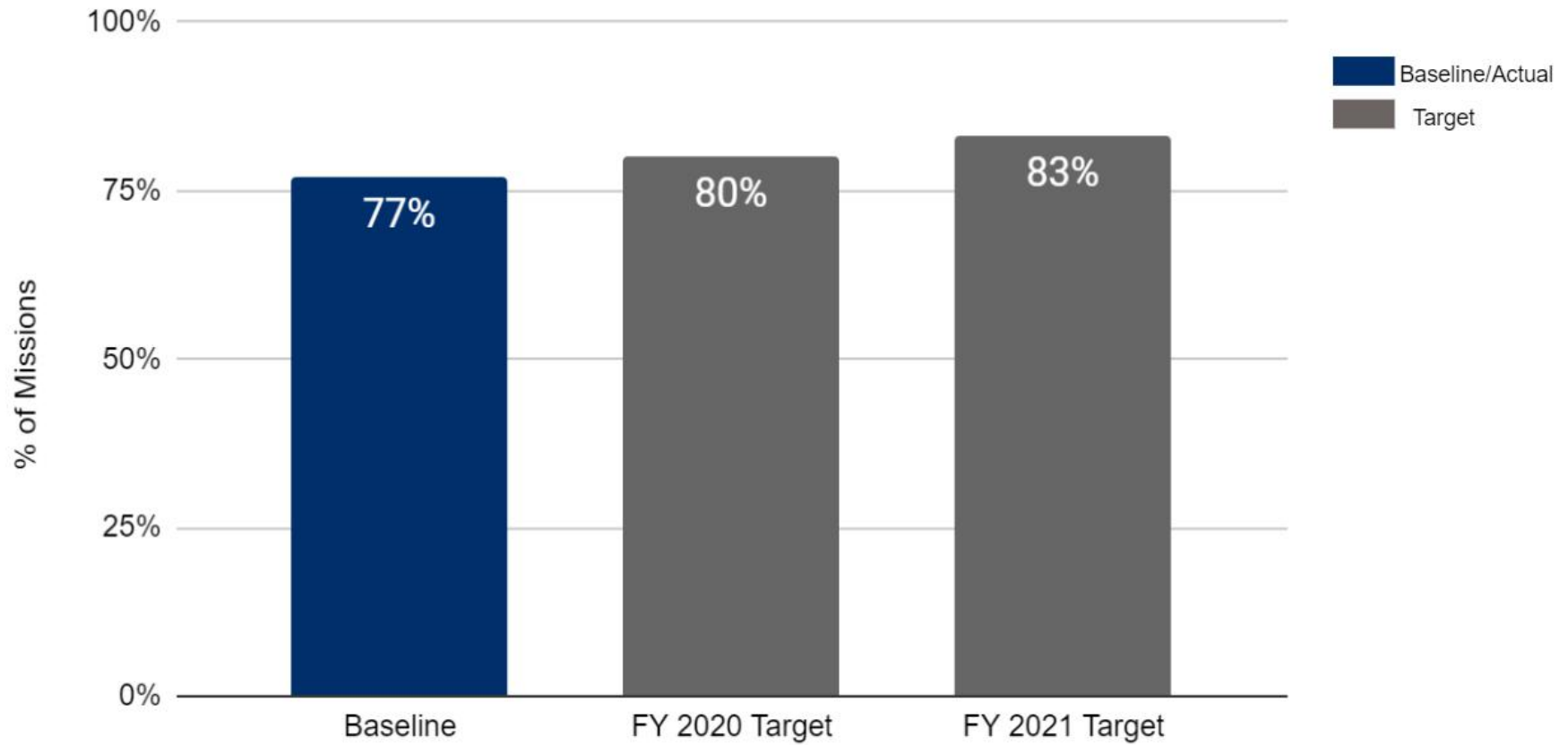
Indicators and Milestones

Key Indicator 2: Percent of staff who "agree" or "strongly agree" that their Operating Unit adheres to USAID's PSE Policy (Annual)
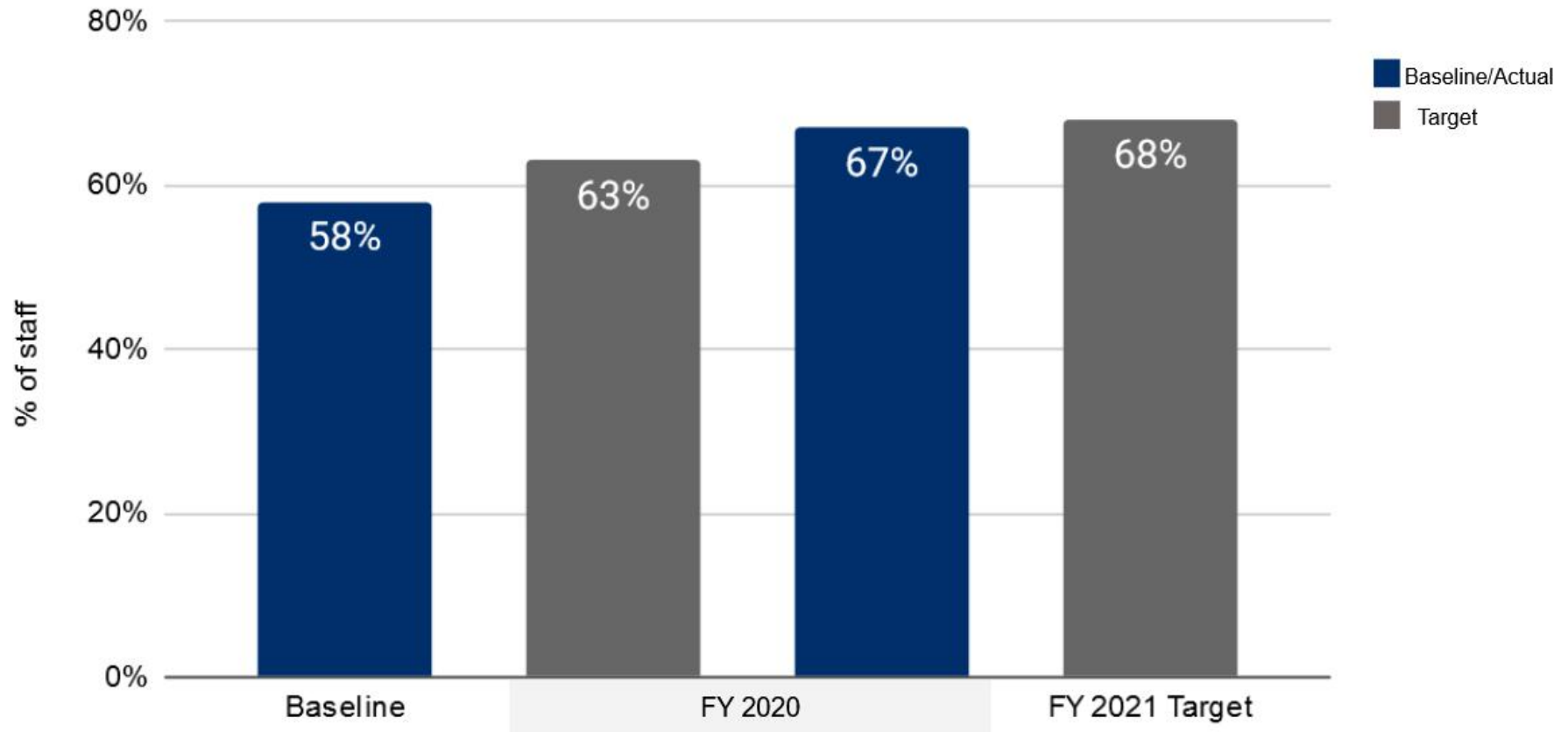
Indicators and Milestones

Key Indicator 3: Percent of Missions that report multiple active partnerships with the private sector (Annual)

Note: FY 2020 data for Indicator #3 is currently being collected and will be reported in Q1 of FY 2021.

Accuracy and Reliability of Data

Data for the APG will come from the following sources:

- **Indicator 1:** USAID University will collect the data on the number of staff trained, which the contractor that is overseeing training under the PSE Team will validate. USAID will count participants in the *Mobilizing Finance for Development* and *Private-Sector Engagement 101* courses. The Agency will also count participants in customized versions of these core trainings offered to individual M/B/IOs, and/or any successor training programs created by the PSE Hub within DDI.

- **Indicator 2:** The PSE team conducted an all-Agency baseline survey of USAID staff in the Fourth Quarter (Q4) of FY 2019: 276 people responded from 78 OUs. USAID will repeat the survey in Q4 of both FY 2020 and FY 2021.

- **Indicator 3:** Since 2014, USAID's Global Development Lab has collected and analyzed Agency-wide data on public-private partnerships (PPPs) through an annual data call to all our Missions. Currently, the Lab, in coordination with the Office of U.S. Foreign Assistance at the U.S. Department of State (State/F), collects and stores current and historical data on PPPs in the PPP module of the Foreign Assistance Coordinating Tracking System (FACTS) Info NextGen system and submits them to USAID's Development Data Library (DDL). Missions report the data, and therefore this process might not capture every partnership. Beginning in FY 2021, the PSE Hub within DDI is administering the annual data call and continuing to refine the process of collecting and analyzing the data.

Accuracy and Reliability of Data

Contributing Programs:

Organization:
Successful achievement of this APG requires leadership at all levels across USAID on PSE. The PSE Team will work to ensure M/B/IOs have access to the resources and tools to expand and deepen our programs in PSE for greater outcomes.

Programmatic Activities:
PSE is a catalyst for accelerating communities and countries on their Journey to Self-Reliance. The Journey to Self Reliance Framework will advance implementation of this goal. PSE aligns with USAID's *Acquisition and Assistance Strategy,* recommendations for Effective Partnering and Procurement Reform, and the Administrator's vision for Financing Self-Reliance.

Regulations and Policies:
Attainment of the APG will advance, and is in alignment with, USAID's PSE Policy.

Other Federal Activities:
USAID will coordinate the collection of data on PPPs with the U.S. Department of State (State/F and the Office of Global Partnerships).

Stakeholder / Congressional Consultations:

USAID will continue to work and coordinate with stakeholders and Congress to ensure the effective implementation of this goal.

In developing the PSE Policy, USAID consulted a wide range of stakeholders, including implementing partners and representatives from the private sector. An Advisory Committee of the Agency's Washington and field staff informed the requirements and recommendations set forth in the PSE Policy.