



USAID
FROM THE AMERICAN PEOPLE



GLOBAL CHALLENGES, LOCAL ACTORS

THE GLOBAL GOALS AND USAID'S IN-COUNTRY PRIVATE SECTOR PARTNERS

“As we embark upon the 2030 Agenda for Sustainable Development, the United States is in a unique position to help lead efforts to resolve humanity’s most entrenched and vexing challenges — including persistent extreme poverty. But only leadership through partnership ... can get the job done. Ultimately, it is local actors that will matter most in driving outcomes.”

— VISION FOR ENDING EXTREME POVERTY, USAID, 2015. (EMPHASIS ADDED)

With the ratification of the U.N. Global Goals for Sustainable Development, the international development community set forth a bold agenda to improve the lives of the 1.2 billion people living on less than \$1.90 per day by tackling the interconnected challenges of ending extreme poverty, fighting inequality and tackling climate change.

The 17 Sustainable Development Goals and 169 targets will stimulate action in areas of critical importance for humanity and the planet, including food security and agriculture, health, women's empowerment, energy access, economic growth, peaceful societies and effective governance.

At the same time, achieving the global goals will likely require trillions of dollars in investments. Beyond foreign assistance, meeting the ambitions of the global goals necessitate a new model of development that uses foreign aid strategically to catalyze domestic and private sector resources while also leveraging the best science, technology and innovation to help deliver development outcomes.

The global goals place particular emphasis on the role of the private sector, acknowledging that while governments must take the lead in meeting their pledges, the private sector is fundamental to success. Importantly, there is growing recognition that partnerships between these actors must be part of the solution.

USAID AND THE PRIVATE SECTOR

As the foreign assistance and development arm of the U.S. government, the U.S. Agency for International Development (USAID) has a long history of private sector engagement. At the Agency's founding in 1961, there was already a well-defined private sector development strategy in place, focused on enabling the conditions for a robust market economy and developing local industry to promote investment. Since that time, USAID's approach to collaborating with the business community has evolved and expanded. Today, the Agency works in partnership with the private sector across nearly every sector and industry to find new solutions to global challenges.

USAID partners with the private sector where there is strong alignment between business interests and development objectives. In today's globalized world, there is growing overlap between these aims, and more opportunities than ever before to work together to fuel economic growth, innovation and job creation; deliver broad-based development impact; and achieve scalable solutions via market-led approaches.

LOCAL PRIVATE SECTOR ENGAGEMENT

While USAID believes that donor assistance still plays a critical role in eliminating extreme poverty, reaching the objectives of the global goals will require collaboration with the private sector and other stakeholders. Local partners are especially important in making USAID's work more effective and sustainable. USAID's *Local Systems: A Framework for Supporting Sustained Development* emphasizes the importance of local solutions to achieving and sustaining development outcomes. In particular,

1 Official Development Assistance describes flows of official financing provided by the U.S. government for the promotion of economic development and welfare of developing countries.

2 European Report on Development 2015 and World Bank.

local private sector actors provide economic growth and opportunity in their countries, as well as serving a critical role in understanding local priorities, local context and promoting local ownership. Local partners are therefore especially important in making USAID's work more effective and sustainable.

A changing development landscape reinforces the importance of engaging locally. Official Development Assistance¹ — while once the largest portion of total development finance — is dwarfed today by domestically-mobilized resources, including the domestic private sector and developing countries' own government revenues.²

While many of USAID's high-profile partnerships are with multinational companies, USAID has numerous partnerships with national and local businesses that have provided unique and significant value around the world. In 2015 alone, USAID had more than 430 active public-private partnerships, 55 percent of which involved local actors. In some regions, USAID's largest private sector partners were local actors.



UNIQUE VALUE OF LOCAL PARTNERS

Local firms are vitally important partners for donors like USAID. As many emerging markets become increasingly sophisticated, dynamic and globally-oriented, so too have many local private sector actors. These companies often possess a strong commitment to place, along with local knowledge, networks and creative ways of working that emerge from and are adapted to the local context.

USAID has found a number of benefits to partnering with the local private sector:

- By partnering locally, USAID is often able to *leverage a unique set of local connections and networks*. In some cases, this could mean a greater ability to catalyze local investment.
- Local businesses are rooted in local systems and have a nuanced understanding of the local context, culture and socio-economic climate. This can lead to *tailored solutions* that are more appropriate to the local market.
- If designed well and based on shared interests, partnerships with local private sector actors can often *enhance the likelihood of sustainable impact*. Local companies are tied to local systems and place value in their investments in a community, a project or local system in both the short- and long-term.
- Local partners can be more *flexible in designing collaborations*, and react more quickly to implement activities. Additionally, key private sector decision-makers may be more accessible since they are in-country.
- Partnerships with local companies often *produce follow-on effects* for other local companies and investment. Once they have seen the benefits gained by others, local companies may be inspired to act as well.

As USAID works to ensure that development is locally owned, locally led and locally sustained, in-country private sector partnerships will continue to grow in importance.

A MORE SUSTAINABLE FUTURE

USAID continues to prioritize partnerships as a way of achieving development impact and meeting the benchmarks laid out in the global goals. The local private sector's unique and significant value draws upon critical local networks, deep with familiarity of local systems and context, a unique commitment to the local market, and flexibility and responsiveness — all of which are critical to achieving sustainable development results.

Engaging these local partners enables USAID to navigate complex and nuanced local systems, improve efficiency, share risk among co-investors, and open opportunities for further investment and engagement. As the Agency continues to work toward the ambitious agenda set forth by the global goals, it remains committed to expanding engagements with local partners around the world to achieve these objectives.

To learn more about USAID's local private sector partnerships, please visit www.usaid.gov/local_private_sector_partnerships.



LEVERAGING LOCAL PARTNERSHIPS TO ACHIEVE THE GLOBAL GOALS

COLD CHAIN BANGLADESH ALLIANCE

In Bangladesh, the U.S. Government's Feed the Future strategy identified a critical need for farmers: to preserve their produce and deliver crops to market before spoiling. USAID partnered with Golden Harvest, a Bangladeshi company, to build the *Cold Chain Bangladesh Alliance* — the country's first integrated "cold chain" (a network of refrigerated trucks and holding centers). The partnership has raised the incomes of tens of thousands of farmers while increasing the availability of healthy, locally-produced food across the country.

Golden Harvest had a clear business interest in developing a cold chain network and was willing to invest in cold chain infrastructure. While the company lacked the technical expertise to go it alone, USAID's network and technical capabilities have given Golden Harvest the tools, capacity, and, most importantly, bottom-line business reasons to maintain a functional cold chain and supplier network.



SDG 2: Ending hunger, achieving food security and nutrition, and promoting sustainable agriculture

USAID is committed to working with our partners to achieve the Sustainable Development Goals.





LEVERAGING LOCAL PARTNERSHIPS TO ACHIEVE THE GLOBAL GOALS

CHOCOLATE TUMACO

In Tumaco, Colombia — a region that has long been a center for the illegal production of coca and violent crime — USAID is working with local, family-owned chocolate company Casa Luker to support and raise incomes for thousands of local farmers. Through the creation of *Chocolate Tumaco*, a community-owned cacao cooperative, the partnership provided an alternative to coca production, removed intermediaries, raised the price of cacao and improved incomes for farmers in the region.

With a deep understanding of the region and risk factors involved, Casa Luker was an ideal partner for USAID. The company had unique knowledge of the region, a history with the community, and was willing to co-invest in a new business model focused on community engagement.



SDG 8: Promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

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LEVERAGING LOCAL PARTNERSHIPS TO ACHIEVE THE GLOBAL GOALS

MILLENNIUM ALLIANCE

India has been described as a social innovation laboratory, and USAID and the Government of India share an interest in scaling these social innovations to benefit the poor across India and around the world. Together with the Federation of Indian Chambers of Commerce and Industry (FICCI), they formed the *Millennium Alliance* — a joint government-private sector platform to support and fund early-stage Indian innovators. The *Millennium Alliance* has leveraged more than \$20 million in financial and in-kind contributions through partnerships with leading corporations, foundations, and donors, a majority of them local.

This unique multi-stakeholder model was new to India and required market-sensitive promotion and messaging. FICCI's understanding of the local context for innovators, as well as its relationships with the Indian government, has been invaluable to the credibility and successful expansion of the alliance.



SDG 9: Building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation

USAID is committed to working with our partners to achieve the Sustainable Development Goals.





LEVERAGING LOCAL PARTNERSHIPS TO ACHIEVE THE GLOBAL GOALS

SUSTAINABLE COMMUNITIES

In El Salvador, where urban crime and violence are prevalent, USAID partnered with Grupo Agrisal — a large diversified Salvadoran firm that was facing challenges with urban crime in its own neighborhood. The company's workers and customers were being affected by rising insecurity, and Grupo Agrisal saw the key issues as local economic opportunity and social cohesion. The company joined with USAID on *Sustainable Communities*, a partnership designed to promote job training and entrepreneurship opportunities in the immediate area.

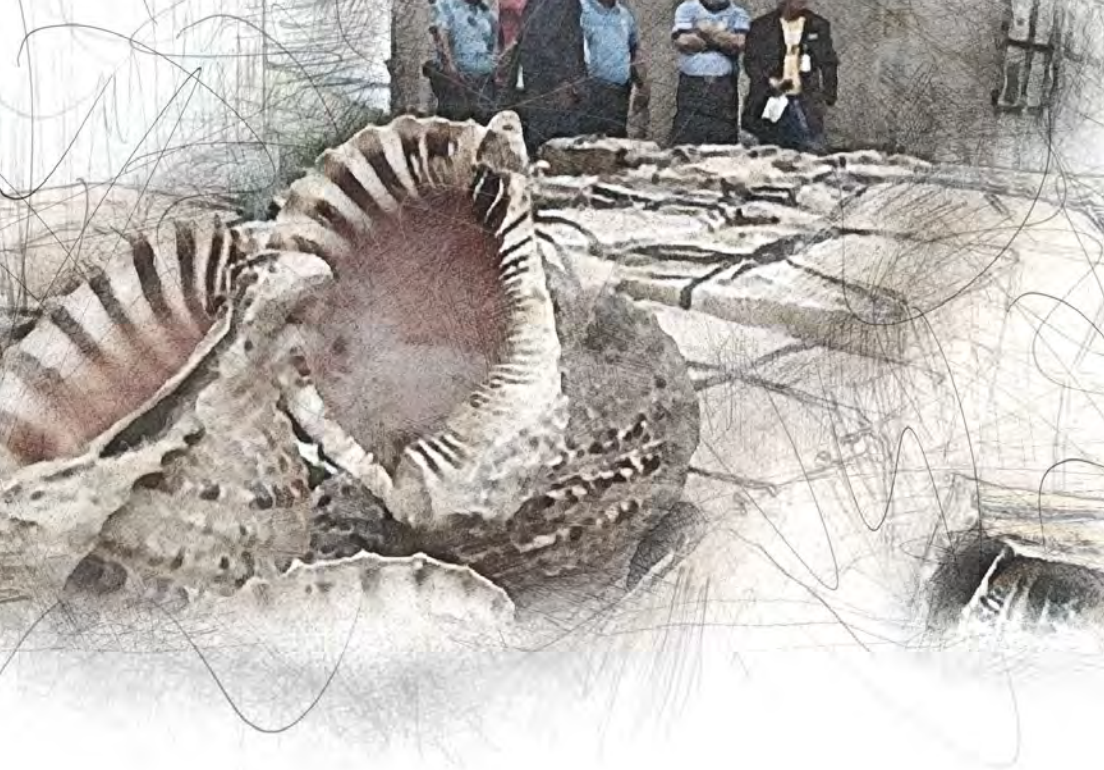
Grupo Agrisal provided significant insight into the challenges facing the local private sector in El Salvador, a context that a foreign multinational company may not have fully understood. The company was also deeply committed to improving local conditions and combating crime in its own neighborhood.



SDG II: Making cities and human settlements inclusive, safe, resilient, and sustainable

USAID is committed to working with our partners to achieve the Sustainable Development Goals.





LEVERAGING LOCAL PARTNERSHIPS TO ACHIEVE THE GLOBAL GOALS

700DALOY

With illegal fishing threatening sensitive coastal ecosystems in the Philippines, USAID partnered with Smart Communications, the country's leading wireless service provider, and the Philippine National Police to create an SMS hotline to crowdsource the detection and reporting of illegal fishing. The hotline, *700DALOY*, has empowered local communities to report illegal fishing and has helped local governments and maritime police better coordinate enforcement efforts.

Smart Communications provided technology and brand value as one of the largest, and most well-known, telecommunications companies in the Philippines, which helped 700DALOY be seen as credible by the community.



SDG 14: Conserving and sustainably using the oceans, seas, and marine resources for sustainable development

USAID is committed to working with our partners to achieve the Sustainable Development Goals.

