

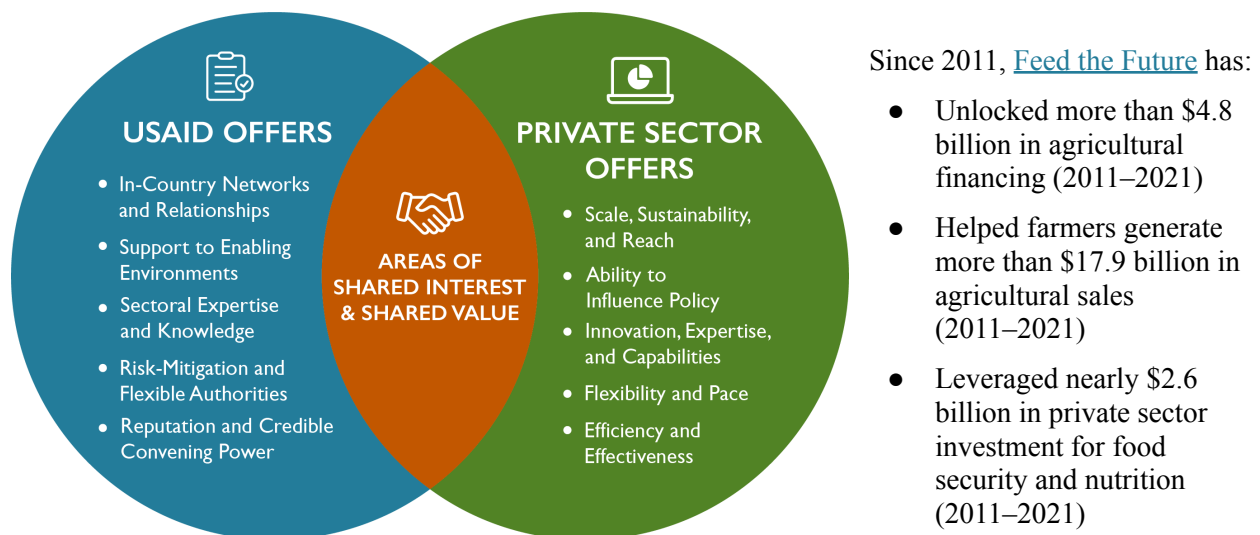
# Integrating Private Sector Engagement in Programming

## U.S. Government's Global Food Security Strategy Activity Design Guidance

*This is one of several Activity Design Guidance documents for implementing the U.S. Government's Global Food Security Strategy. The full set of documents is at [www.feedthefuture.gov](http://www.feedthefuture.gov) and [www.agrilinks.org](http://www.agrilinks.org).*

### Introduction

The private sector, including entrepreneurs and producers, is a critical contributor to development progress and key to achieving the [U.S. Government's Global Food Security Strategy \(GFSS\) 2022–2026](#) (see Figure 1). Individuals and organizations (local and international) within the private sector have often driven implementation of advanced procedures and technologies that align with our Feed the Future developmental goal and build scale and sustainability. We will continue to partner with the private sector to mobilize domestic resources and other private sector investments in support of food security, nutrition, and resilience where there is strong alignment between business interests and development objectives.



Since 2011, [Feed the Future](#) has:

- Unlocked more than \$4.8 billion in agricultural financing (2011–2021)
- Helped farmers generate more than \$17.9 billion in agricultural sales (2011–2021)
- Leveraged nearly \$2.6 billion in private sector investment for food security and nutrition (2011–2021)

*Figure 1. The U.S. Agency for International Development (USAID) and private sector offers, and areas of shared interest and value.*

This GFSS activity design guidance largely refers to the [USAID Private Sector Engagement \(PSE\) Policy](#), launched in 2018. The PSE Policy is an Agency-wide call to action and a mandate to work hand-in-hand with the private sector to design and deliver our development and humanitarian programs across all sectors, and to harness our resources to open markets and provide opportunities.

## Terminology and Context

Private sector-led, inclusive food and agriculture systems will create jobs and provide small-scale producers (especially women and youth) with access to inputs, markets, financial services, information, proven innovations, and climate-smart approaches beyond the life of our projects.

As highlighted in GFSS 2022–2026, lasting partnerships with the private sector will leverage unique core capacities and resources, such as financial contributions, donated services or property, advancements in science and technology, and intellectual property and contribute to many results of the GFSS. Inclusive agricultural and food systems value chain development partnerships will help small-scale producers, especially women, gain greater access to the inputs, skills, resource management capacity, networking, bargaining power, financing, and market connections needed to sustain their long-term economic prosperity. Women-owned and -led businesses also face numerous hurdles to accessing capital, from a lack of networks and visibility to challenging social and cultural norms to legal and structural barriers, compared to their male counterparts. Female entrepreneurs also face unfavorable banking practices, including higher interest rates and shorter loan repayment periods.

**The private sector**, as defined by the USAID PSE Policy, is:

- For-profit, commercial entities and their affiliated foundations
- Financial institutions, investors, and intermediaries
- Business associations and cooperatives
- Micro, small, medium, and large enterprises that operate in the formal and informal sectors
- U.S., local, regional, and multinational businesses
- For-profit approaches that generate sustainable income (e.g., a venture fund run by a nongovernmental organization (NGO) or a social enterprise)

**Private sector engagement (PSE)**, as defined by the USAID PSE Policy, is a strategic approach to planning and programming through which USAID consults, strategizes, collaborates, and implements with the private sector for greater scale, sustainability, and/or effectiveness of outcomes.

**Partnerships**, as defined in the [GFSS](#), are “efforts in areas where we can leverage complementary resources and expertise and support capacity development with the private sector, other donors, producer organizations, cooperatives, civil society, faith-based organizations, and agricultural research and academic institutions.”<sup>1</sup>

**Co-creation**, as defined on the [PSE Co-Creation Guidance webpage](#) (internal to USAID staff only), is any purposeful and intentional communication in which USAID and one or more partners jointly determine whether and how we can work together to achieve a mutually valued outcome. This shared decision-making is the most important defining characteristic of the communication and design that takes place under co-creation: what makes something co-creation is the nature and intent of the communications, not the presence of any particular process.

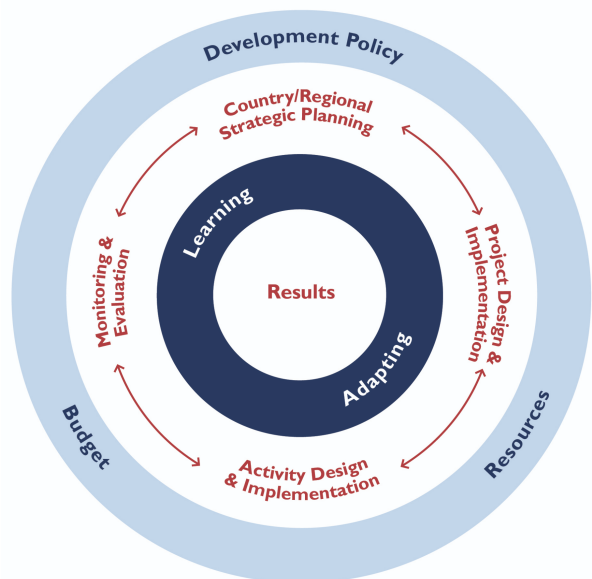


Figure 2. USAID program cycle.

## Designing Activities

There is no single way to develop GFSS activities with the private sector; however, the common rule is to start early and engage often. Several resources, including general steps, can be found in the [Automated Directives System \(ADS\) Chapter 201: Program Cycle Operational Policy](#), the [USAID PSE Engagement intranet](#) (internal to USAID staff only), and outlined below.

**Engage the Private Sector Early and Often.** USAID should reach out to private sector companies and other market actors at the earliest stages of designing GFSS activities and interventions. This early engagement is crucial to building a holistic understanding of the problem we are seeking to address and designing creative, inclusive, scaleable, and sustainable solutions. Early engagement helps us to:

- Jointly identify a problem, market inefficiency, or gap—informed by context-specific, sex- and age-disaggregated data—especially those that we may understand differently as a governmental entity.
- Source a broad and diverse range of ideas or possible solutions, including from women and youth, and those who may see the problem differently than us.
- Increase our awareness of any possible distortive effects or risks that may arise because of U.S. Government intervention.
- Solicit buy-in for U.S. Government-led intervention.
- Increase our understanding of what other market-led resources may be brought to bear.
- Build partner enthusiasm for collaborative, co-created, and possibly co-funded or co-executed activities.

Examples of what early engagement can look like include:

- Informal, face-to-face, and gender-inclusive discussions with private sector representatives and other market actors.
- Structured, roundtable discussions with key market actors, including banks and lenders, buyers and off-takers, supply chain participants, labor unions and human rights organizations, academic institutions, host country governments, and more.
- Early-stage concepts and design notes circulated for private sector input and feedback;
- Open calls for ideas and analyses, such as requests for information, with targeted private sector actors.

**Integrating PSE in the Program Cycle** (internal to USAID staff only). Integrating PSE better positions USAID to identify market-based approaches, mobilize private sector investment and expertise, and make more catalytic use of USAID's resources. At the same time, it enables USAID to adapt continuously to new evidence, opportunities, or circumstances. This [one-pager of PSE in Practice Across the Program Cycle](#) (internal to USAID staff only) provides an illustrative (although not exhaustive) list of ways to integrate PSE practices into each stage of the Program Cycle (see Figure 2), along with examples and key resources for further learning. We have highlighted a few below.

### Begin with Strategic Planning

As part of your strategic planning process—Interagency GFSS Country Plan and county/regional strategies ([Country Development Cooperation Strategy \(CDCS\)](#) (internal to USAID staff only), [Integrated Country Strategies \(ICS\)](#), etc.)—include the private sector from the start. PSE in the strategic planning phase doesn't mean simply learning about the private sector or market system dynamics as a part of your strategic plan, but also actually talking to the private sector as we develop our plans. The private sector will often have a very different perspective or analysis of country-level dynamics and problem sets, and their views should inform our strategic approach.

- **Private Sector Mapping/Landscape:** A private sector mapping/landscape analysis can paint an overall picture of “who’s-who” in a market or value chain, and provides critical insights into the interactions between market actors and the power dynamics (including gender-based power structures) amongst them, and highlights any key gaps or inefficiencies. It can help USAID prioritize whom to reach out to for more discussion and why.
- **U.S. Government Private Sector Experience:** Coordinate with interagency partners at post (State Department (e.g., Commerce, Econ, etc.), United States Department of Agriculture (USDA), Development Finance Corporation (DFC), Millennium Challenge Corporation (MCC), Power Africa, etc.).
- **Mission, Bureaus, and Technical Teams:** Also look across your Mission and other Bureaus and technical teams that have private sector experience (e.g., nutrition and resilience can also be supported by the global health team, which may have private sector partners. Food for Peace and Feed the Future work in close collaboration). Check with your [Mission PSE Point of Contact \(POC\)](#).

### Activity Design and Implementation

Continue to collaborate and engage with private sector actors throughout the activity design process. The following highlights good practices and resources.

**Include PSE in New Activity Design Guidance and Templates (e.g., the Bureau for Resilience and Food Security (RFS) [New Starts](#) (internal to USAID staff only)).** To complement your Mission’s activity design process, you may want to review the RFS New Starts meeting process. New Starts was developed to strengthen project or activity design at the concept phase through feedback and discussion with RFS and/or Mission leadership and staff. The [RFS New Starts Guidance](#) (internal to USAID staff only) provides new activity/project design teams with details. The [New Starts Template](#) (internal to USAID staff only) includes all areas that the design team should consider, including a slide specific for PSE Analysis. The PSE Analysis (Figure 3) covers the PSE Operational Principles (i.e., five key questions, see Figure 3) of the USAID PSE Policy. Using this process and template will ensure that PSE is included from the start.

**Make Creative Use of Existing Resources and Authorities.** Engage with the Office of Acquisition and Assistance (OAA), the Office of the General Counsel (GC), or the Regional Legal Officer (RLO) early on. Also, search [sam.gov](http://sam.gov) and [grants.gov](http://grants.gov) for examples (solicitations, requests for information, [Global Development Alliance](#) (GDA), Annual Program Statement (APS), Broad Agency Announcement (BAA), etc.) of various PSE procurement options and reach out to those Missions/Bureaus to learn from their experience.

**[Co-Creation, Co-Creation, Co-Creation](#)** (internal to USAID staff only). Co-create market-based solutions and activities with relevant private sector actors, such as key market offtakers or financial institutions; look for ways to align efforts; and consider issuing joint solicitations.

### PRIVATE SECTOR ENGAGEMENT ANALYSIS



Figure 3. PSE Analysis

Reach out to colleagues to find more GFSS co-creation examples and experience. More examples/details/options can be found in the [Program Cycle Discussion Note: Co-Creation Additional Help](#). Given this definition, co-creation can happen in many different ways, for a multitude of reasons. It can happen virtually, over the telephone, or in person; it can happen over the course of multiple, informal discussions; it can happen through various processes; it can happen in a variety of forums; and it can evolve in an organic fashion, or be more explicitly planned and scripted; it can happen in a variety of forums; and it can evolve in an organic fashion, or be more explicitly planned and scripted. Co-creation can happen with a single stakeholder or multiple stakeholders. In addition, co-creation does not require an Agency solicitation. However, if a solicitation incorporates co-creation, a robust diversity of co-creation approaches is available to USAID and its potential partners. Communicating the intent to co-create with the Management Bureau's OAA ([M/OAA](#), internal to USAID staff only) personnel, as it relates to a solicitation, is essential.

**Explore Non-financial Partnerships.** USAID plays many value-adding roles beyond that of a donor. Where possible, we should seek to leverage USAID's convening power and influence to mobilize market-led solutions that do not necessarily require direct U.S. Government funding. When analyzing a development challenge or market inefficiency, consider the full range of roles that we can play and the tools we have at our disposal beyond direct funding: co-creator, risk mitigator, convener, broker or facilitator, thought leader or expert, advocate and host country government interlocutor, investment catalyst, and originator of DFC credit guarantees (especially no-cost DFC guarantees). Consider linkages to other U.S. Government/USAID-supported activities and/or beneficiaries.

**Consult with PSE POCs and Resources (all of the linked resources below are internal to USAID staff only):**

- RFS Relationship Managers: The [RFS PSE Secretariat](#) and USAID's [PSE Hub](#) maintain lists of company Relationship Managers, mostly for large, multinational firms. You can contact the [RFS Relationship Manager](#) to discuss possible collaboration with a particular company.
- Agency-Wide PSE POCs: Proactively reach out to your Mission PSE POC to discuss potential collaboration with company partners with whom your Mission may already have a preexisting relationship. They will also be able to provide you with guidance on successful outreach to new partners who may not be familiar with USAID. If you know a company that has worked with USAID in other country contexts, reach out to the PSE POC in that Mission to learn more.
- [The Global Industry Coordination Network](#) (Industry Network): This new, internal network of industry experts helps USAID engage the private sector more strategically and proactively by understanding the key trends and dynamics in the sectors that mean the most to our work. It also creates a framework for USAID to manage its relationships with (and within) these industries more intentionally and with greater internal coordination. These sector experts—Industry Leads—have created [Industry Snapshots](#) to assist Missions exploring engagement in unfamiliar sectors, and are available to advise as you consider engagement strategies.
- RFS PSE Secretariat: The PSE Secretariat is the PSE “engine” and support structure within RFS. It operationalizes the Bureau's PSE Implementation Plan, coordinates to ensure alignment of PSE priorities and activities, and supports the [PSE Community of Practice \(CoP\)](#). The Secretariat primarily employs a cascade model to scale impact and advance PSE within RFS. It works with and builds the capacity of PSE CoP members, who disseminate PSE best practices, approaches, resources, and tools across RFS and Missions.
- PSE Knowledge Exchange: The [PSE CoP Knowledge Exchange \(KnEx\)](#) is an online community for peer-to-peer exchange, informal discussion, and user-driven content sharing. The format is an email listserv within Google Groups. Once you are a member, you will be able to send your requests to the group and receive messages from others. This is an excellent resource and great way to tap into Agency-wide experience.

- [Internal PSE Resources](#): This document is a quick guide to PSE resource links across the agency.
- [The Way We Engage](#): This page provides more ideas on the different types of engagement and actions and examples.
- [The RFS Inclusive Development Division](#): The RFS Inclusive Development Division provides technical expertise in the thoughtful incorporation of gender, youth, digital technology, and local partners in the development and implementation of the Agency's programs in resilience, agriculture, water, nutrition, and food security through the sharing of best practices.

## Monitoring and Evaluation

To improve coordination and tracking, and better understand our private sector partnerships, as well as what works and what doesn't, it is important to consider the [Performance Plan and Reporting \(PPR\)](#) (internal to USAID staff only) and the [Standard Indicators](#) (internal to USAID staff only) from the start. Considering this guidance is for GFSS activities, let's highlight Standard Indicators that have been used to report against the GFSS, and are often applicable to PSE activities, for example:

### Agriculture and Nutrition:

- EG.3.1-15: Value of new private sector investment leveraged by the U.S. Government to support food security and nutrition
- EG.3.2-26: Value of annual sales of producers and firms receiving U.S. Government assistance
- EG.3.27: Value of agriculture-related financing accessed as a result of U.S. Government assistance.

### Climate Adaptation:

- EG.11-4: Amount of investment mobilized (in U.S. dollars) for climate change adaptation, as supported by U.S. Government assistance.

### Water:

- HL.8.4-1: Value of new funding mobilized to the water and sanitation sectors as a result of U.S. Government assistance financing indicators.

### Crosscutting Indicators:

- PSE-1: Number of U.S. Government engagements jointly undertaken with the private sector to achieve a U.S. foreign assistance objective.
- PSE-4: Value of private sector resources leveraged by the U.S. Government to support U.S. foreign assistance objectives.

When choosing indicators, we would recommend identifying a small set of indicators that are applicable across the PSE portfolio, including individual-level and gender-sensitive indicators that are disaggregated by age and sex.

There are a number of monitoring tools to help capture the effectiveness of your collaboration with the private sector, including [Public-Private Partnerships \(PPP\) data collection guidance](#) (internal to USAID staff only), [Harmonization Tool](#) aligning F Indicators with indicators relevant for business reporting commitments, and [DFC transaction monitoring guidance](#) (internal to USAID staff only).

In November 2022, the PSE Hub launched the [PSE Modernize Initiative](#) (internal to USAID staff only) to make PSE easier and faster for our workforce and partners, with updated core Agency operating systems and business processes. Its nine separate, but interconnected, initiatives cover a variety of key PSE issues, including monitoring and evaluation.

## Key Lessons Learned

**Lesson 1: Engage the Private Sector Early and Often.** Relationship health is an integral ingredient for partnership success. Consistently investing in the “people side” of partnerships positively influences their relational health. The relationship should be regularly assessed to ensure the following [six factors](#) (internal to USAID staff only) are prioritized:

- **Alignment:** Shared understanding of objectives, working culture, and expectations
- **Commitment:** Shared satisfaction with each partner’s engagement level, dedication to the relationship, and dedication to the goals of the partnership
- **Trust:** Mutual belief in the truthfulness, competence, and reliability of each partner
- **Mutuality:** Reciprocal dependence built upon shared rights and responsibilities
- **Performance:** Shared perceptions of progress toward the partnership’s outcomes
- **Efficiency:** Mutual ability to accomplish activities in a partnership with a minimum amount of unnecessary time, resources, and effort.

**Lesson 2: Design for Sustainability and Scale from the Start.** USAID’s resources are best invested in partnerships and activities that are not ultimately dependent on a long-term public subsidy. Seek out opportunities to de-risk or pilot market changes that can be sustained and/or scaled by the private sector upon the completion of the formal partnership. Support interventions that exhibit real potential to be scaled within the market, or be replicated in other similar contexts.

**Lesson 3: Be Strategic.** To the extent possible, aim to be proactive rather than reactive with respect to partnership opportunities. Too often, an exciting partner comes to USAID and we scramble to find a way to work together. While this sometimes results in fruitful partnerships, as an Agency we increasingly want to put our development objectives at the center of our collaboration with market actors—which can lead us to engaging new and different types of private sector partners.

**Lesson 4: Leverage.** As a general rule, partnerships should mobilize and leverage substantial private sector assets, expertise, capabilities, and resources (financial, intellectual, in-kind, or otherwise). The financial and nonfinancial resources mobilized from the private sector should support and be applied to the partnership in a manner that clearly fosters scalable and inclusive results.

**Lesson 5: Go beyond the Contracting/Agreement Officer’s Representative Role or Project Manager Role to Cultivate Enduring Relationships That Are Founded on the Basis of Co-creation, Implementation, and Financial Transactions.** Partnerships are a way that Feed the Future can work more effectively and scale its impact; they are not just “nice to do” add-ons to scopes of work. Teams should include private sector voices and perspective from the start of strategy development and program design.

**Lesson 6: Great Relationships Equal Great Partnerships.** Our most creative partnerships are generally the result of someone having built trust, great communication, and a culture of co-ownership within the relationship from the start.

**Lesson 7: The Partnership Agreement Tool or Mechanism Should Reflect Desired Levels of Control, Contribution, and Information Flow of Each Partner.** It is important to identify each partner’s roles and responsibilities in program activity participation, capital contributions, measurement of success, decision-making over disputes, and governance for the overall partnership.

## Programming in Practice

GFSS seeks to develop shared value partnerships—those that result in both positive development outcomes and that create tangible benefits to all partners, including the private sector counterparts. Where they align with GFSS objectives and with the interests of stakeholder beneficiaries—such as smallholder farmers, small and medium enterprises (SMEs), youth, and women—partner investments that are motivated by clear commercial incentives are inherently more sustainable and lead to more durable benefit sharing over the long term. However, partnerships with companies motivated by future commercial interests or by philanthropy should also be considered in situations where shared value partnerships are not possible or when the partner has something of unique value to bring to the table. Illustrative examples are provided in the table below.

To advance...	PSE programming can...	Illustrative examples
Technologies, practices, and approaches under various phases of research, development, and uptake as a result of U.S. Government assistance (EG.3.2-7)	Scale research that benefits thousands of farmers and increase local skills/capacity (e.g., workforce development)	USAID partnership with Bayer achieved a major milestone: The release of Bt cowpea in Nigeria—the first genetically engineered food crop in sub-Saharan Africa (outside of South Africa). In fiscal year (FY) 2021, pilot-scale seed was disseminated to Nigerian farmers, and as of FY 2022, regulatory applications are in various stages of review in Ghana and Burkina Faso. Bayer has committed in-kind resources estimated at \$300 million, in the form of royalty-free access to proprietary insect-resistance transgenes in Africa. This partnership has also helped build the technical and business capacity of local African breeding programs and seed SMEs.
Value of agriculture-related financing access as a result of U.S. Government assistance (EG.3.2-.27, disaggregated by sex and age); Value (\$) of nondonor resources mobilized for local development priorities (CBLD-10)	Increase financing	Through the Aceli Africa program, USAID’s anchor commitment of \$10 million has secured more than \$62 million in commitments from the Dutch Ministry of Foreign Affairs; the IKEA Foundation; the Swiss Agency for Development and Cooperation; and the United Kingdom Foreign, Commonwealth, and Development Office, which in total will mobilize \$600 million in private sector finance for agriculture in Uganda, Rwanda, Tanzania, and Kenya. Since its inception in September 2020, Aceli has supported our partners to increase their share of lending to agriculture and agri-SMEs, specifically. Activities include promoting local production of inputs, particularly organic fertilizer, reducing food loss for perishable crops using renewable energy technology, as well as scaling up of conservation agriculture practices to boost crop productivity.
Value of new U.S. Government commitments and private sector investment leverage by the U.S. Government to support food security and nutrition (EG.3.1-14); Value of annual sales of farms and firms receiving U.S. Government assistance (EG.3.2-26)	Respond (in the short term) and increase resilience (in the long term) to Crisis: COVID-19	The USAID Feed the Future Partnership for Sustainable Supply Chains—a partnership launched in 2020 with Root Capital (lender), Keurig, Dr Pepper (commodity buyer providing grant funds), and Ezrah Charitable Trust—is providing loans, grants, and capacity building to help small agricultural businesses recover from the economic effects of the COVID-19 pandemic and build resilience. DFC is complementing the partnership with a \$35 million loan guarantee. It focuses on export-oriented producer co-ops that serve a large number of smallholders.



Individuals participating in U.S. Government food security programs (EG.3-2, disaggregated by sex and age)	Respond (in the short term) and increase resilience (in the long term) to Crisis: Russia's War on Ukraine	USAID is providing \$2.5 million to Ghana to mitigate the impacts of increased food insecurity and high fertilizer prices that increased further as a result of Putin's war on Ukraine. This effort focuses on developing and marketing fertilizer products, supporting fertilizer importers, blenders, and manufacturers to bring more fertilizer into the country to help fertilizer reach those most in need. In this activity, USAID is engaging key private fertilizer companies that serve more than 70 percent of the market in sub-Saharan Africa.
Nutrition-sensitive agriculture (EG.3.3)	Improve nutrient quality, dietary diversity, and safety of food supply across agriculture value chains during production	Alliance for Inclusive and Nutritious Food Processing (AINFP) leverages skills from U.S.-based, multinational companies to provide customized technical assistance to African small- and medium-sized food processors. These practices, including food safety training and improving the nutrient quality of foods, contribute to a more competitive, profitable food processing sector and increase production of safe, nutritious foods.
Tests and disseminates actions and strategies that increase resilience to climate change (EG.11.3); Value of annual sales of producers and firms receiving U.S. Government assistance (EG.3.2-26)	Increase climate-smart agriculture practices resilience and farmer incomes	Through the Advancing Cocoa Agroforestry Towards Income, Value, and Environmental Sustainability (ACTIVE) partnership, USAID, Mars Inc., and the Institute for Development Impact (I4DI) will work together to improve the profitability and sustainability of Indonesia's cocoa industry. ACTIVE will support smallholder farmers to improve their productivity and livelihoods through climate-smart agriculture practices, such as improving water resources management to overcome drought stress and protecting the native trees that shade their crops, which boosts carbon storage. These improvements in cocoa farming go hand-in-hand with reducing greenhouse gas emissions. ACTIVE is the 11th partnership formed under the Health, Ecosystems, and Agriculture for Resilient, Thriving Societies (HEARTH) GDA program, through which USAID coinvests with the private sector to advance the well-being of people and the planet.
Number of U.S. Government engagements jointly undertaken with the private sector to achieve a U.S. foreign assistance objective (PSE 1); Number of private sector firms that have improved management practices or technologies as a result of U.S. Government assistance (EG.5.2-2)	Increase digital skills through a nonfinancial partnership, linking the private sector to USAID support beneficiaries	USAID/Egypt and Google are collaborating to provide digital solutions to USAID-funded activities via "Maharat min Google," a free digital skills training online platform, as well as other platforms/programs, as appropriate. Google will provide business and digital literacy training to various target audiences in Egypt, including, but not limited to, micro, small, and medium enterprises (MSMEs) and their USAID-supported business development service providers, female and youth entrepreneur networks, university students benefiting from USAID-supported scholarships, university-based career centers and business incubators, and youth group members. Through this partnership, Google and USAID intend to demonstrate joint support for Egypt's digital transformation by supporting digital upskilling of the target audience.

<p>Value of new U.S. Government commitments and private sector investment leveraged by the U.S. Government to support food security and nutrition (E.3.1-14)</p>	<p>Support cross Bureau: agriculture and water, sanitation, and hygiene (WASH)</p>	<p>In FY 2021, USAID/Malawi leveraged \$3,681,217 through Tiwalere II, a GDA with Nu Skin and Procter and Gamble, to support WASH and nutrition investments in 12 districts. Nu Skin contributed 42,357 fruit tree seedlings to 10,625 households. Procter and Gamble contributed 4,647,180 water purification sachets, providing more than 46 million liters of safe water to 69,734 beneficiaries from 14,740 households.</p>
<p>Individuals participating in U.S. Government food security programs (EG.3-2, disaggregated by sex and age)</p>	<p>Increasing resilience of markets, enterprises, and households during crisis or for humanitarian response. For instance, last mile enterprises can be valuable partners for market-based distribution of inputs or in-kind commodities and off-take of livestock</p>	<p><a href="#">The Elusive Development-Humanitarian Nexus: Lessons learned from Livelihoods for Resilience and Biruh Tesfa in conflict-affected areas of northern Ethiopia</a> (internal to USAID staff only).</p>
<p>Value of annual sales of farms and firms receiving U.S. Government assistance (E.3.2-26, disaggregated by sex and age); Number of individuals in the agriculture system who have applied improved management practices or technologies with U.S. Government assistance (E.3.2-24, disaggregated by sex and age); Number of U.S. Government engagements jointly undertaken with the private sector to achieve a U.S. foreign assistance objective (PSE 1)</p>	<p>Sustainable partnership that continues to benefit beneficiaries (after USAID assistance ends).</p> <p>Offtaker model that increases smallholder farmers' incomes; is replicated and scaled domestically and internationally (i.e., to other countries after the USAID partnership ends).</p>	<p>In 2005, Olam, USAID/Nigeria Maximizing Agricultural Revenue and Key Enterprises in Targeted Sites (MARKETS), the Benue State Government, and First Bank of Nigeria partnered on an innovative rice outgrower scheme. USAID/Nigeria MARKETS provided training and inputs to increase smallholder rice quality/quantity, Olam provided a secure market, and First Bank of Nigeria provided smallholder farmer input financing. Overall, the Olam/MARKETS/First Bank outgrower program was a success: it increased smallholder yields by almost 200 percent and provided more than 10,000 farmers with secure markets. However, the outgrower program was not scalable nor sustainable due to: (1) Olam being unable to source sufficient quality paddy rice to fill the mill and (2) a weather shock and ineffective insurance. In 2008, First Bank suffered a write-off rate of 35 percent of its farmer loans in the program. The partnership ended in 2009. However, based on these lessons learned, Olam changed its paddy rice sourcing model to a hybrid nucleus and outgrower farming model to supply its new 100,000 metric tons commercial mill in Nasarawa State. According to Olam, this revised model is more profitable thanks to its more predictable supply of rice paddy and its stricter control over product quality. With this new model, about 32,000 farmers participate in a financing scheme between the Value Chain Development Program (VCDP)—a Federal Government of Nigeria (FGN) initiative and funded by the International Fund for Agricultural Development (IFAD)—Olam, and the Farmer Cooperatives. Also, all farmers have individual bank accounts and receive payment within 48 hours of delivery, weight, and quality</p>

		<p>check. Farmers have accounts at five commercial Nigeria Banks, including Fidelity Bank (which had a 2006 USAID DCA to share the risk of investing in SMEs, especially agro). As of November 2021 (more than 10 years after the USAID and Olam partnership ended), Olam’s new outgrower/financing scheme has been a success, which Olam has scaled and replicated in other Olam rice programs/countries.</p>
--	--	--

## Additional Resources and Tools

- Feed the Future. n.d. “[Private Sector Engagement](https://www.feedthefuture.gov/topic/private-sector-engagement/).” Accessed February 7, 2023.
- USAID. 2022. [Private-Sector Engagement Policy](#). USAID.
- USAID. n.d. “[USAID Partners](https://www.usaid.gov/partner-with-us/resources-for-partners/usaid-partners).” Accessed February 7, 2023.
- The Donor Committee for Enterprise Development (DCED). n.d. “Private Sector Engagement.” Accessed February 7, 2023.
- Ingram, G.M., A.E. Johnson, and H. Moser. 2016. [USAID’s Public-Private Partnerships: A Data Picture and Review of Business Engagement](#). Global Economy and Development at Brookings.
- [Partnering for Innovation](#)
- USAID. 2013. “A New Partnership to Support Colombia’s Coffee Farmers.” *Impact Blog* (blog). August 26, 2013. <https://blog.usaid.gov/2013/08/new-partnership-to-support-colombias-coffee-farmers/>.
- Feed the Future. 2017. “Feed the Future: A Partnership to Boost Africa’s Food Security.” *Partners in Food Solutions* (blog). January 28, 2017.
- <https://www.partnersinfoodsolutions.com/feed-future-partnership-boost-africas-food-security>.
- Feed the Future Market Systems and Partnerships. 2022. [Market Systems Resilience \(MSR\) State of the Field Map](#). USAID.
- Root Capital. 2022. [Inclusion Pays: The Returns on Investing in Women in Agriculture](#). Wagner Foundation.
- Long-Term Assistance and Services for Research (LASER) Partners for University-Led Solutions Engine (PULSE). 2021. [USAID PSE Process Analysis: Executive Summary](#). USAID. (Refer to what makes relationships “healthy,” see page 10.)

***For further assistance related to these Activity Design Guidance documents, please contact [ftfguidance@usaid.gov](mailto:ftfguidance@usaid.gov).***