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The U.S. Government's Global Hunger & Food Security Initiative



Feed the Future Democratic Republic of Congo Strengthening Livelihoods and Resilience Activity

Private-sector Engagement Strategy: Catalyzing the Private Sector for Development in Ituri



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This publication was produced by the Feed the Future Democratic Republic of Congo Strengthening Livelihoods and Resilience Activity under USAID Task Order #72066020F00004 under the Strengthening Tenure and Resource Rights (STARR II) IDIQ Contract #7200AA18D00020.

Original Submission: January 2022

Final Submission: March 2022

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Cover Photo (clockwise from bottom): Community discussion at Ngwok'Nyeri, Cassava sellers at Gety; Beans for sale at Fataki; Cacao harvest at Ofay; Cattle at Kyabwohe; and, Plantain transport at Mungamba (Credit: Jonathan Greenham for USAID).

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Acronyms

AWP	Annual Work Plan
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DAI	DAI Global, LLC
DRC	Democratic Republic of the Congo
ERA	USAID Economic Resilience Activity
ESG	Environmental, Social and Governance
FI	Financial Institution
HA	Humanitarian Assistance
HDP	Humanitarian, Development and Peace
IAM	USAID Feed the Future Inclusive Agricultural Markets Activity
IDP	Internally Displaced People
ILA	Innovation du Lac Albert
MELP	Monitoring, Evaluation, and Learning Plan
MoU	Memorandum of Understanding
MSR	Market Systems Resilience
NGO	Non-governmental Organization
PSE	Private-sector Engagement
SLR	Strengthening Livelihoods and Resilience
SME	Small and Medium-sized Enterprises
STARR II	The Strengthening Tenure and Resource Rights II IDIQ
TA	Technical Assistance
UN	United Nations
USAID	United States Agency for International Development
WASH	Water, Sanitation, and Hygiene
WB	World Bank

Glossary

Business Development Services (BDS) as used here refers to management, marketing, digital, financial, or other services that can be offered to entrepreneurs and business owners at various stages of their business cycle to improve their business operations.

Co-creation is how the USAID-funded Feed the Future Democratic Republic of Congo (DRC) Strengthening Livelihoods and Resilience (SLR) Activity works together with private-sector actors or other market actors (civil society, government, Non-governmental Organizations (NGOs), etc.) to produce together an innovative business model. This requires co-defining the private sector's resource needs, the parameters for success, and adaptive management tactics.

Deal making is the process by which SLR, or its delegates, negotiate an agreement and form a productive working relationship with its intervention partners to establish or strengthen the delivery of products or services that help make the market system function more effectively for its target groups.

Push strategies are interventions designed to prepare more vulnerable community members to leverage market-based opportunities. They help very poor individuals and their households to build a minimum level of assets (human, financial, social, cultural etc.) which increases their ability to engage with private market actors.

Pull strategies encourage the private sector to expand their sourcing from, or sales to, the vulnerable.

Market systems approaches address underlying causes of poor performance in specific markets relevant to SLR's target population, creating lasting changes that can have a large-scale impact.

Market resilience is the overall ability of the various actors in a market system to draw on system-level resources—such as social safety nets, early-warning systems, emergency relief systems—in order to alleviate and respond more effectively to shocks and stresses.

Private Sector: A diverse group of entities with majority private ownership, that includes financial institutions (FIs), intermediaries, multinational companies, micro, small and medium-sized enterprises (MSMEs), and co-operatives, operating in the formal and informal sectors and engaging in profit-seeking activities. This can also include for profit approaches that generate sustainable incomes such as venture funds run by NGOs and social enterprises.

Private-sector Engagement (PSE) is a strategic approach to development in which USAID consults, strategizes, aligns, collaborates, and implements activities with the private sector to achieve greater sustainability, scale and effectiveness of its development or humanitarian outcomes.

Relationship management refers to cultivating and nurturing working relationships. It requires considerable time and effort to build trust and to maintain strong working relationships with actual and potential partners which may have a range of diverse values, opinions, and organizational cultures.

Transaction advisory support is a type of business services that prepares companies for investment, which may come from formal FIs, private investors, or other sources (donors, retained revenue, etc.).

A value chain is a graphic that attempts to map the main interactions between the various actors in a particular market segment. Key players in it are the various buyers and sellers linked together by commerce. Their behavior depends on their roles and functions, incentives, and capabilities. This in turn shapes the availability, choice, price and quality of goods or services exchanged in that market segment. The specific behaviors of the major buyers and sellers in the sector ultimately determines how effective and accessible that market is for vulnerable, disadvantaged and excluded groups.

Executive Summary

The purpose of this revised PSE Strategy is to outline how the U.S. Government's Feed the Future DRC SLR Activity is identifying and working with private-sector actors to rebuild market systems in Ituri Province in Eastern Congo in order to help the local agricultural economy grow, and to benefit the Activity's target communities. PSE is crucial to sustainably improving the various agricultural production and marketing systems across Ituri, thereby expanding economic opportunities for SLR's targeted populations. To this end, the PSE Strategy is developing ways to engage the private sector and leverage its resources to strengthen the resilience of the key market systems, and in particular to increase the inclusion of women and youth from Ituri's rural communities in those systems.

In the details that follow this document describes how the Activity is seeking to engage more private-sector actors to help achieve SLR's goal, and how it is concurrently adapting its approach to consider the fragile context of Ituri, with its widespread displacement, unrest, and violence and unpredictability. Furthermore, it is important to note that the PSE Strategy does not detail how gender and social inclusion will be addressed through private-sector engagement. This will be dealt with as a chapter or addendum in the SLR Gender and Social Inclusion (GESI) Strategy.

SLR Activity Goal: To reduce the humanitarian, development, and economic costs of the recurrent crises in Ituri province caused by land and other natural-resources related conflicts, armed conflict, natural disasters and climate stress, and food insecurity.

SLR Activity Purpose: To improve resilience capacities in vulnerable households and communities and to enable more people, households, and communities to escape poverty and chronic vulnerability.

SLR's strategy is currently organized around three different pillars of approach to engaging the private sector.

1. Engaging the Private Sector in Local Commercial Opportunities. The Activity is seeking to deepen private-sector participation in specific market opportunities to better realize the agricultural and economic growth potential of Ituri. SLR activities are targeting not only existing businesses in Ituri itself, but also in other parts of Eastern DRC and regionally in Uganda. The Activity is identifying and engaging lead firms, including agro-dealers, seed multipliers, traders, and wholesalers, to design and implement interventions that expand production and trading, improve food storage and processing, enhance household nutrition, and build robust market relationships.

The section dedicated to this first pillar of the strategy describes the approach the Activity is using to engage new private-sector actors and to focus additional investments into the most promising economic opportunities. This section of the Strategy includes SLR's initial priorities, i.e., the probable areas of investment, and some of the potential private-sector partnerships that are being explored. This section concludes with details of the SLR process and steps the Activity is using to maximize the engagement of and increase the involvement of private-sector players in these interventions for the long term benefit of Ituri's communities.

2. Engaging the Private Sector in Humanitarian Response and Recovery. The second area of focus for the SLR PSE strategy is exploring ways that the Activity can use to leverage the resources expended by humanitarian relief programs. SLR is looking for ways to engage Internally Displaced People (IDPs) during relief efforts and accompany them afterwards so that returnees are better prepared for the transition, and how to involve IDPs and the local private sector in productive activities so that they benefit in the long term from the large investments of aid currently flowing into Ituri. In the section for this pillar, this document outlines how SLR will begin by piloting interventions that will benefit Ituri's private sector benefits more from these major investments than they currently do, and how SLR can work with relief agencies and others to create better opportunities for Ituri businesses to grow and

develop. The initial results of a rapid assessment of relief programs in Ituri in December 2021 confirmed that there are significant amounts of money coming into Ituri through cash, food aid and other in-kind purchases from the humanitarian community and that many of the local private-sector actors do not see a clear way to supply goods or services to these distribution efforts.

3. Engaging the Private Sector through Corporate Social Investment (CSI). The third pillar under which the Activity might engage the private sector as part of a company's Corporate Social Responsibility (CSR) investments, or in order to improve transparency and inclusiveness in their business supply chains as part of the increasing shift towards sustainable operations. Leveraging CSI funds from multinational, regional or national companies has the potential to promote sustainable entrepreneurship, create jobs in Ituri and its neighbors, and help partner communities achieve their priorities. SLR's process for identifying and engaging potential companies for CSI is outlined in the third and final section of this strategy.

Since this is a strategy, it focuses on methodologies and tools. For specific activities, results, and learning, please refer to SLR's Annual Work Plans (AWPs) and performance reports, which provide more details about who the specific actors are in each location and sector and exactly how SLR is engaging them.

The Activity designers had assumed a more peaceful environment than the very fragile one in which SLR operated during 2021. SLR's adaptive management approach has enabled it to continue to adjust to these local realities. Although the thin market system, the massive humanitarian presence, and most of all the daily acts of violence paint a sobering picture, this strategy illustrates how SLR is adapting its approach in response to the local situation and starting to take advantage of several promising opportunities for PSE which SLR identified in its first year of implementation.

The previous version of this strategy had quick landscape analyses and sectoral analyses that were conducted in the first two quarters of FY 2021. They were never intended to be in-depth research, given the fluid changing environment, but they did provide quick snapshots of the potential sectors and private-sector players present at the time of that assessment. SLR is updating its understanding of the complex situation continuously. In particular, the Activity is coming up with local solutions as it works with its pilot communities—based on their priorities, not a preconceived work plan—and will correspondently identify and engage specific private-sector actors in Ituri and elsewhere.

SLR strives to operationalize all its activities, including those described in this PSE Strategy, through a transparent adaptive management approach. This includes continual adjustments to the activities in its AWPs: intentions remain basically the same, but assumptions get modified by experience and tactics shift. Going forward into 2022, these changes in activities will be regularly reported on through concise weekly updates for USAID, biweekly calls with SLR's USAID Contracting Officer's Representative (COR) to explore challenges and adaptations in more detail, and through more formal quarterly and annual reports to USAID. Any future routine updates to this PSE Strategy and its related activities will be mainstreamed into this adaptive management process and documented in AWPs and periodic reports. If major changes do necessitate a major shift and a significant re-thinking of key elements of this strategy, then SLR may decide it is useful and appropriate to make another update like this one.

SLR's Approach to Private-sector Engagement

Introduction

SLR has been tasked to build the resilience of poor households in some of Ituri's most challenging geographies—areas facing a range of challenges that demand complexity-aware, iterative solutions that no single system actor is equipped to develop on its own.

This PSE Strategy outlines how SLR is identifying and working with private-sector actors to rebuild Ituri's market systems and benefit the Activity's target communities. Private-sector involvement is crucial to improving the various agricultural production and marketing systems across Ituri, and thereby expanding economic opportunities for SLR's targeted populations. To this end, this PSE Strategy explores three broad ways to engage the private sector, in order to leverage their resources and expertise to help strengthen the resilience of the local, provincial and regional market systems, and to help ensure that the vulnerable people and communities of Ituri also benefit from those changes.

SLR's approach can be neither uni-modal nor static. The Activity is working in multiple climatic zones with dissimilar sectors, in different conflict zones where shifts in security frequently disrupt local economies, and all these target markets are influenced by many other factors, locally, nationally, and regionally. Markets, by their nature, are constantly in flux: for instance, new opportunities emerge as more of the province's secondary and farm-to-market roads are rehabilitated, or as previously displaced groups return to their communities and reestablish agricultural activities. Consequently, this PSE Strategy focuses on defining agreed-upon approaches and describes processes that engage and implicate the private sector. SLR's actual work with the various market actors will evolve and adapt in response to new opportunities and challenges as they emerge, as documented in the Activity's AWP's and performance reports. The level of SLR engagement is not only security-dependent, but it also will change over time as its presence working in local underserved communities builds trust and as SLR learns more about the technical possibilities, the various markets that community partners are involved with, and as SLR identifies entrepreneurs interested in engaging with the Activity and its partners. Some of these changes are outlined in this updated version of the PSE Strategy, but mostly they are highlighted in the Activity's AWP's and periodic performance reports.

SLR is starting with three different ways to engage the private sector to strengthen Ituri's market system: through local commercial opportunities; by building upon the investments of the humanitarian sector; and, by leveraging shifts in CSI. These three approaches are outlined in this strategy. This Activity is open to alternatives that may emerge and is taking an intentional incremental approach to engaging with the private sector across all three approaches, using pilots and learning by doing small activities—in order to build trust and knowledge—before more major engagements.

During the FY 2021 reconnaissance visits to the major agricultural production areas of Djugu, Mahagi, Irumu and Mambasa, SLR identified several promising value chains, and its pilot communities expressed their interest in these commodities. This PSE Strategy indicates how SLR is testing assumptions, identifying technical options, and building a portfolio of activities around these initial priorities. SLR's field activities help it to better understand the critical market systems and to better identify how and where they can be leveraged to benefit Ituri's people and communities. While building this background knowledge base, SLR is also partnering to develop and pilot specific interventions along the value chain for promising commodities, with the goal of sustainable joint public-private activities that can strengthen and rebuild the livelihoods of people and

communities so that they can move towards greater self-reliance and resilience. SLR starts with approaches that have worked elsewhere in the region, to which it adds tests of innovative approaches, varieties, technologies, etc., usually beginning at a smaller scale. SLR first seeks more information about each potential idea, analyzes, takes small steps, adapts, reflects and refines, and then expands. All SLR interventions are designed to work with and through communities, local authorities, civil society, and the private sector, leveraging their resources to create sustainable solutions for pilot communities. Any interventions that are successful at the pilot locations will consequently be adapted, improved, and scaled up to impact larger numbers of people in other similar locations across the province.

This PSE Strategy outlines the ways SLR is engaging with the private sector and gives illustrative examples rather than being prescriptive about exactly who the specific actors are or will be and how SLR may engage with them. This focus on the strategic level not only allows adaptive and flexible management of SLR's engagement with market actors, but it permits adjustments in response to the aspirations, constraints, and objectives of SLR's partners. It is also more realistic given the challenging operating environment and the paramount need for local buy-in. Finally, leaving the elaboration of tactics and design of activities to SLR's adaptive work planning and quarterly learning cycles allows the Activity to both adopt emerging opportunities and avoid early misconceptions, thereby iteratively determining what will result in an optimal portfolio of major activity investments in SLR's Years Three and Four.

The Context of the Private Sector in Ituri

In complex frontier and conflict markets like eastern DRC, finding promising local businesses and helping them grow is one effective way to create rural jobs and drive inclusive growth. With its natural endowments and strategic location, the whole eastern DRC region has the theoretical potential to profitably expand its agriculture, energy, and mining sectors. Ituri itself was particularly renowned in the past for its production of corn, beans, cacao, coffee, fish, and other key commodities. The challenge will be finding the political solutions as well as the pioneers needed at all levels to start a resurgence.

There are also more immediate, but no less challenging, opportunities around leveraging the Humanitarian Aid Sector which is currently making very large investments into the Province. SLR is finalizing a rapid assessment to determine clearer opportunities to engage the local private sector in this area.

A third and probably longer term opportunity is to try to identify and engage more US and international companies, like [REDACTED], or mining or gas companies that have the vision and courage to invest in Ituri, whether directly as part of their sustainability initiatives or indirectly as part of their worldwide CSI programs. SLR has begun to engage in this space and more effort will be made in Year Two, FY 2022.

The Government of the DRC and especially the leadership of the Provincial Government of Ituri realize the critical role that a flourishing and principled private sector could play in rebuilding the economy of this resource-rich Province; investments by the private sector are central to facilitating economic growth. The Provincial Government has been supportive of SLR's efforts to encourage the private sector to engage and invest in Ituri, especially in the conflict areas, as they clearly see that improving local economies creates the increased employment and income opportunities desperately needed by a rapidly expanding population. It is also an important objective for the provincial administration that estranged youth (currently a major part of the dilemma, but also the future of Ituri) are engaged with civil society and involved with productive, profitable activities that create economic growth for them, their families, and their communities.

SLR's initial assessment of the state of the Province's rural economy was more optimistic than it is currently. Following the declaration of a State of Siege in May 2021, conflicts, displacement, thefts and killings have all increased. Currently, movement and trade are restricted and there is very little growth in or investment by the private sector into the Activity's target area of agriculture, particularly into

some of the more affected pilot locations, such as Boga, Kambala, Blukwa, etc. Moreover, some humanitarian organizations—through handouts and other distortive practices, including providing free agricultural inputs and supporting non-commercial credit systems—may not be fully considering the impact of their actions on the local economy: urgent relief is demanding and leaves little time for reflection on whether changes can be made in approaches that do not undermine or constrain local private-sector-led investments (see [section](#) on the humanitarian aid sector for more details).

Some of the other constraints to expansion of private-sector investment are outlined in Table I below:

TABLE I: SOME OF THE KEY CONSTRAINTS FOR THE PRIVATE SECTOR IN ITURI

Constraints	Description
Low commercialization of farming: most farmers are currently engaged in low input, low output agriculture	- Farms are inefficient, production is done on small plot areas, resulting in a limited volume of poor-quality farm outputs, which leads to high costs of bulking up and restricts market opportunities. Incorrect techniques (e.g. burning before planting, short fallows, combined with poor seeds, and a limited use of inputs, which are of poor quality or unavailable, leads to reduced fertility and declining yields. There is also a general lack of modern equipment, an absence of extension services, an overreliance on the increasingly erratic rain, and minimal or no access to any sort of agricultural finance. Farming is difficult in rural Ituri. - The constant displacement of large numbers of the rural population affects the success of any livelihood's initiative. The uncertainty about security and the fluid changing situation means many of these families have been displaced multiple times, which makes them disinclined to return and when they do return, they are wary and reluctant to make site-specific investments for their long-term future. Transformation of the economic situation in Ituri requires, at a minimum, an expectation of security.
Limited or restricted access to markets, affecting the extent of the local demand for products	- Lack of capacity of local actors to produce and supply for and specific knowledge of the higher value markets, which are often inaccessible to small producers. - The remoteness of Ituri producers, the state of the roads and their distance to major urban markets compared to their competitors increases delivered costs. - Low competitiveness of their products, due to poor quality, inadequate packaging, inability to meet standards, etc. Lack of volumes of quality product increases Cost of Goods Sold (CoGs) and may restrict the ability of companies to meet the export volume requirements, or the traceability and quality specifications of international or regional buyers. - The enabling environment is not conducive to building larger companies; small informal activities are easier to operate “under the radar” and avoid predatory demands. - Market actors encounter cumbersome processes when trading across borders, which leads to much being exporter or imported informally¹
Poor supporting infrastructure, impacting on business operations, and directly affecting profitability	- Lack of reliable and affordable access to electrical power². - Limited or lack of physical infrastructure (farm-to-market and other roads, telecoms, bridges, storage and processing sites, etc.) - Machinery maintenance is a rare skill in the rural areas

¹ The DRC is ranked very low for the time and cost associated with the logistical process of exporting and importing goods across borders, ranking 187/190 by the World Bank (WB) Doing Business Report (2020).

² For instance, in the WB Doing Business Report (2020) for the DRC, the procedures to access electricity are higher in the DRC than average for Sub-Saharan Africa. This ranks 177 out of 190 countries. There is no data on reliability of electricity in the Report.

Constraints	Description
Lack of expertise and skills in the workforce and a lack of technical and management know-how, affecting the efficiency of many private-sector agricultural operations.	- There is a lack of skilled agribusiness technicians and managers in the Province. This impacts on the scale of the operations, restricting the ability of even medium-sized companies to grow to take advantage of opportunities and delegate responsibilities. - This lack of skills (plus infrastructure constraints) impacts overall on efficiencies in production and processing, which leads to lower profits and an inability to compete with products imported from more efficient sources elsewhere, e.g. maize meal, poultry or eggs, and even fish and tomatoes) typically imported into Ituri from Uganda.
Ongoing conflict directly influencing businesses operations in these areas	- Conflict and insecurity in Ituri and Eastern Congo has made many private-sector actors unwilling to continue to invest in eastern DRC as their companies have lost money through losses or shutdowns, or faced increased operational costs through protection money, kickbacks or corruption, making their operations difficult and not cost-effective. - Decades of conflict has resulted in the establishment of a network of powerful groups which exert significant control over most economic activities in Ituri (and Eastern Congo) to their own benefit.
Lack of financing for investments into expansions or to finance the cash needs of ongoing operations.	- A lack of access to agricultural or business finance constrains most private-sector players from taking advantage of opportunities along the value chains for the different market systems³. - Banks and Micro-Finance Institutions (MFIs) in Ituri are risk-averse and have not developed the reach outside a few urban centers nor are their products relevant to private-sector actors in agriculture in Ituri. - Finance costs are high, and agribusinesses and farmers need significant hard collateral to access that finance.
Cumbersome and corrupt government processes that impact on the efficiency of their business operations	- Corruption⁴, inconsistent tax enforcement, and cumbersome or unclear bureaucratic processes. - Limited enforcement of standards, which reduces Ituri's access to higher value markets that may insist on these standards of quality, hygiene, packaging, etc.

This summary shows that even without conflict there are still several clear external and internal barriers that are constraining the growth and development of the private sector in Ituri. These barriers, formal and informal, restrict new entrepreneurs from starting out, hinder small existing enterprises from growing larger and inhibit larger companies, whether from outside the province or outside the DRC from investing into Ituri. This results in a predominance of petty traders and transient opportunistic actors, most of them not operating in rural areas or in agriculture. These conditions also mean there are a limited number of larger-scale private-sector actors present.

These barriers constrain and affect both new investments and the growth of existing businesses in the region, as they all impact directly on the profitability and competitiveness of Ituri businesses. Furthermore, the complex situation in Ituri makes serious investors scarce, especially those willing to use their own resources and engage in collaborative programming to benefit not just their bottom line

³ This is corroborated by the WB Doing Business Report, which indicates the DRC ranks low, that is 152/190, for accessing credit.

⁴ Although not focusing on Ituri, a report by U.K. Department for International Development (DFID) in 2020 highlights oil corruption, waste and fraud practice in humanitarian aid in the DRC (see <https://reliefweb.int/report/democratic-republic-congo/operational-review-exposure-corrupt-practices-humanitarian-aid>). SLR will consider the key recommendations in this report when engaging with private sector in DRC for humanitarian assistance.

but also the communities they operate in. This has become clearer during the first year of SLR operations as the security situation deteriorated significantly. It takes a very special investor willing to embrace the risk of investing in these circumstances. However, SLR remains cautiously optimistic that such people do exist, and thus its approach continues to be opportunistic, based on what emerges as the Activity becomes better acquainted with the challenges and opportunities of Ituri province. This approach lets SLR remain adaptive and flexible, not only to changes in the security situation, but also to the aspirations and constraints of the various market actors (large and small) that SLR is discovering in its targeted value chains. This PSE strategy will continue to be updated, improved, and adjusted based on circumstances and the outcomes of SLR's engagements with the private sector. Any major shifts will be documented in the Monitoring, Evaluation, and Learning Plan (MELP) and the AWP.

Improving Market Resilience for Private-Sector Actors

The concept of market resilience is especially important to private-sector engagement in Ituri, since the area has been plagued with recurring severe shocks, not only the recent Ebola crisis and COVID-19, but now the state of siege and deteriorating security situation in 2021. This makes it even more critical to find the right business models for businesses that will help them withstand these shocks, which seem likely to continue.

An important implication of the interconnections of a market system is that when a change affects one part of the system, the rest of the market system may respond and adapt. When shocks or stresses occur within these interconnected parts, a resilient market has ways to readjust in response to the perturbing event. For SLR and its communities, a critical question is whether the current system actors can be helped to adjust in new and innovative ways to solve the problems created by these recurrent shocks so that the changes they cause also benefit vulnerable people.

To build market resilience around vulnerable people in Ituri Province, SLR is working to ensure that the markets, and the private-sector actors that are part of these market systems, adapt in ways that are inclusive. Desirable outcomes could include:

Market actors better able to adapt and stay profitable. When market actors can adapt positively, they can continue to sell services or products, which means that their businesses are more likely to keep running during a shock or crisis. Maintaining a revenue stream helps their business to survive (see Figure 1).

FIGURE 1: EXAMPLES OF PRIVATE SECTOR RESILIENCE ACTIVITIES

A seed company distributes new and improved maize seed varieties that can produce under the new conditions of shorter seasons and reduced rainfall

Cocoa cooperatives develop the capacity to aggregate and transport cacao to a central warehouse so that a cocoa exporter can continue to purchase from farmers during times of insecurity.

An input dealer adopts an agent model of distribution so that they continue to reach farmers when movement is restricted.

Vulnerable people build resilience. When people have continuing access to the services or products that they need or that help them to adapt during a crisis (see Figure 2), they are better able to continue production, maintain sales, and keep earning their livelihood. Access to these kinds of support improves their resilience.

FIGURE 2: EXAMPLES OF FARMERS' RESILIENCE

Farmers have access to improved varieties of maize or bean seed which helps them to adapt to changing environmental conditions.

Cocoa farmers can continue to sell to international markets during insecurity as the structures are in place to aggregate and process at the local level. They obtain better prices than could be obtained locally.

Agro-dealers use radio to communicate planting information to farmers, and distribute seeds through agents as farmers cannot travel far during lockdown or conflict.

Off-takers use SMS or radio to communicate with farmers or traders during crises when movement is restricted.

One Activity intervention—helping expand a local agro-dealer distribution model at the community level (see Text Box 1)—is a good example of how the design of business model has to take into account the local context, in this case the recurrent insecurity in certain areas of the province. Cocoa buyers are also searching for workarounds as access to the crop in the villages becomes increasingly difficult.

TEXT BOX 1: INNOVATIONS TO HELP BUILD RESILIENCE OF MARKET ACTORS

SLR signed a partnership with [REDACTED] seed company to assist with an expansion of their activities in Eastern DRC. This company is willing to expand their existing innovative distribution model into Ituri. [REDACTED] model is based on supplying village-based retailers with improved seeds and providing technical support through mobile agents employed by and working for the seed distributor.

Although these small local outlets already have a customer base, typically they are not supplying agro-inputs. Once these retailers are supplied and trained, they can sell seeds and provide technical agricultural information to farmers. This should enable farmers to be able to access seeds and technical support more easily through their local outlets—even during periods of insecurity, which can limit movement to traditional urban agro-dealers. The seed distributor is projecting higher sales of seeds even without an improvement in security. This is their motivation for putting resources into the mobile agent and local outlet model and working closely with the communities.

The ability of a company to adapt and continue to supply products and services during a period of unpredictable changes provides continuity to their business operations, and their customers continue to receive the products or services they need to adapt. This can result in customers or suppliers recovering faster, which can help to shorten the recovery period for impacted businesses or households and help mitigate the stress caused by a crisis.

In order to judge what specific capacities need to be built within Ituri's market systems, in 2022 SLR is re-assessing specific market sub-systems across relevant domains using the Market System Resilience (MRS) Measurement Framework⁵ to help determine how proactive versus reactive that particular sub-system is. For example, SLR looks at how collaborative and connected private-sector actors are within a particular system (e.g., seed supply) the number and diversity of market actor, the ability of these private-sector actors to access finance, the way that business decisions are made and strategies developed, as well as the overarching enabling environment and how rules and regulations are set and implemented. The results will be part of the Activity's continuing adaptive management and used to inform and revise the strategies and design of the various interventions. SLR will draw from DAI's experience using the MRS Framework tool on other USAID activities (as presented in Text Box 2

⁵ Market System Resilience Measurement Framework, USAID, August 2019, URL: https://www.usaid.gov/sites/default/files/documents/1866/Market-Systems-Resilience-Measurement-Framework-Report-Final_public-August-2019.pdf.

below) and adapt it to SLR's context to inform programming and assess progress on strengthening market system resilience. SLR is planning a visit to USAID's Agricultural Markets (IAM) Activity and other innovative donor relief and development activities in Uganda in 2022.

TEXT BOX 2: INNOVATIVE USES OF THE MSR FRAMEWORK ON OTHER RESILIENCE ACTIVITIES

The **USAID Feed the Future Inclusive Agricultural Markets Activity (IAM)** in Uganda works to increase incomes and improve livelihoods through a market systems development approach. IAM has incorporated MSR into its MELP and intervention planning approaches. Drawing from USAID MSR's eight domains, IAM defined six key determinants of MSR that are relevant within the contexts the Activity works, namely market governance, diversity, connectivity, commercial norms, participation, and learning (captured into a MSR Matrix as part of their MELP). Progress on these determinants is assessed through both formal evaluations (baseline study, mid-term review and end of project review) and ad hoc learning that inform programming, through performance monitoring, rapid market assessments, and case studies. IAM has also integrated this approach into its partnership monitoring. Using target setting forms, IAM estimates specific targets with partners so that they can aggregate and track results of each partnership and track progress made towards strengthening market system resilience. Their next assessment will focus on two important sub-systems, the relationship between farmers and input distributors and the connection between aggregators and processors.

The **USAID Economic Resilience Activity (ERA)** aims to boost the economic resilience of eastern Ukraine, diversify its industries, and improve its integration with the rest of the country. ERA has used the MSR Framework to assess the resilience capacity of the fruits and vegetables value chain in eastern Ukraine following the 8 domains defined by USAID. Based on findings, ERA proposed to scale up a number of already planned activities to improve resilience in these value chains (such as improving access to legal specialists for agricultural MSMEs or support for the Meskhetian Turkish diaspora on land and water access issues) and to add new ones (such as development of aggregator hubs or advocacy with the authorities for smallholder farmers to gain better access to land and water).

Principles of Private-sector Engagement: USAID

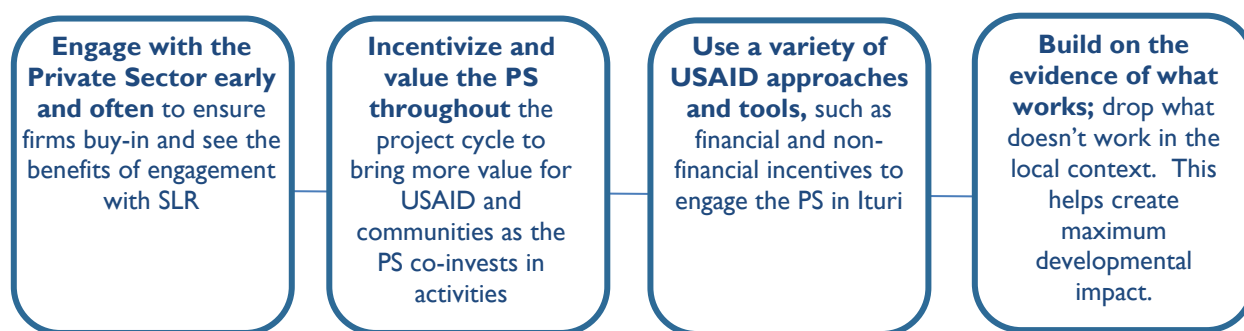
Private-sector investment is critical for economic growth, which is one key enabler of development. On the world stage, the private sector has become an increasingly important actor in global development, contributing significant sums to economic growth and positively affecting developmental progress. The international community is also beginning to recognize the importance of and the benefits that accrue from involving the private sector during humanitarian and displacement crises.

In 2018, recognizing the role that business can play in generating employment and wealth through trade, and mobilizing finance for development, USAID developed a PSE Policy to begin to leverage the private sector for development impact. Fundamental to USAID's PSE policy is the premise that market-based approaches can lead to both greater scale and sustainability of outcomes. This assumes that if a business case or market system exists for a particular good or service, it has a greater likelihood of sustaining itself without external support, after donor funding stops.

Engaging the private sector has become an agency wide mandate, intended to create jobs, build economies, and reduce reliance on donor funds. USAID DRC has encouraged Mission partners to embrace market-based programming to achieve their goal of improvements in self-reliance for communities and ultimately for the Country. There has been some involvement of the private sector in USAID's DRC programming to advance developmental goals, however the Mission would like to see the private sector more engaged in all the activities they fund, even their humanitarian and relief responses in response to conflict.

In engaging with the private sector, USAID's Private-sector Engagement Policy outlines four operating principles to guide USAID practices and programming through this engagement (Figure 3).

FIGURE 3: KEY USAID OPERATING PRINCIPLES FOR PRIVATE-SECTOR ENGAGEMENT



These principles are especially relevant for SLR and are guiding its engagement with the private sector for this Activity. Table 2 outlines how each principle is already guiding SLR's private-sector engagement approach. SLR's interventions and engagement approaches are described later in this Strategy and laid out in more detail in its AWP.

This PSE Strategy integrates USAID's PSE Policy principles as well as the concept of market system resilience described earlier. These principles and concepts are core to the operationalization of the PSE strategy and as such, the Activity will:

1. **Co-invest in commercial models** to build sustainability and scale of inclusive business models. The goal of the partnerships that the Activity facilitates will be to help improve its partners' competitiveness and profitability and support their business goals while at the same time benefiting Ituri communities.
2. The Activity works with companies willing to pilot innovative approaches that make good business sense but also have a positive impact on vulnerable populations. Companies may not necessarily see the business opportunities in working with women, or youth or IDPs, or in communities that are hard to reach. This is where the partnership between the private sector and the Activity has value. SLR will encourage companies to trial new models and approaches they might not have been willing to try out, by buying down their risk (see below), and then determine what worked and leverage this for more impact for communities, and more revenue or turnover for the private sector. Over time, by focusing on the principles of inclusion, improved competitiveness, and sustainability SLR will arrive at a resilient private sector.

TEXT BOX 3: SEED PULL-STRATEGIES IN ITURI PROVINCE

The Activity's partnership with [REDACTED] is an excellent example of how a company is using innovative distribution models to pull in hard-to-reach customers to their business operations. This partnership will help this company to determine whether investing more resources downstream and into marketing campaigns in Ituri leads to increased sales and better profitability for the company.

In September 2021, SLR concluded negotiations for an improved seed production, marketing, and distribution infrastructure in Ituri Province (the Activity plans to contribute approximately \$80,000, for a total investment of nearly \$400,000 in the Province). In this partnership, the Activity takes a facilitative role, using funds primarily for risk-mitigation and to promote innovation, and leaving the partner in the driver's seat.

Using a milestone-based contracting mechanism, the partnership is split into two six-month segments to allow room for pivoting the approach during subsequent phases based on what it learns in the first six months, and to hedge against security risks in central Djugu where the seed-multiplication farm is situated.

These strategies are called ‘pull strategies’. Pull strategies expand the diversity and quality of private-sector opportunities in communities by increasing the reach of the private sector into hard-to-reach or conflict areas, or with populations companies typically do not work with.

3. Participation of most vulnerable people. While being commercial, SLR’s partnerships with the private sector will ensure that investments address key issues that affect communities. Marginalized people in Ituri, including women and youth, are often not included in the more lucrative value chains, meaning their access to better earning opportunities can be limited. This is due to a number of reasons, some cultural, but is also based on poor links with input and output markets, high transport costs due to poor road maintenance and transport inefficiencies, or because they do not have access to the information, products, and services they need to increase production and expand sales.

4. To include these harder-to-reach populations, the Activity may use a variety of strategies alongside investments with the private sector. SLR’s approach to these so called ‘push strategies’ will be twofold:

- Subsidize strategies on a short-term basis that help prepare certain populations for the market. This could be done directly by the Activity, or by working closely with NGOs or others that are investing in certain vulnerable populations to adapt their approach.
- Work with NGOs and others to better align their strategies to the needs of an expanded local market system. This could be working with actors in the humanitarian sector to raise awareness of potential alternatives to any current practices that are market distorting such as seed giveaways, or collaborating with them in livelihoods programming so they start to implement more push strategies that prepare people and communities for the private sector (see [section](#) on the humanitarian sector).

5. Buy-down risk especially in the more volatile business environments. SLR can cost-share with the private sector on risky pilot activities that they want to pursue. SLR can help potential “early adopter” businesses conduct market research, feasibility studies, or action research, perhaps as an initial partnership activity to help explore potential pilots that they are hesitant to invest their own funds in. All risk buy-downs will be designed in a catalytic way that incentivizes learning, encourages appropriation by the long-term risk-holder and articulates a pathway for the Activity to reduce and eliminate its investments over time.

6. Temporarily substitute for other system actors. In fragile, emerging market systems like Ituri’s, there are extreme deficits in support functions like financial services, government regulation, media, and others. Sometimes, the Activity will need to catalyze changes in parts of the system by temporarily providing one or more supporting functions. However, it will always do so with an explicit hypothesis about how to exit the temporary role (e.g. by engaging the hypothetical permanent fillers of those roles in the co-creation process from the beginning).

7. Focus on the entire system. This includes engagement with policy actors as well as with FIs and humanitarian actors to address some key constraints that impact on how well the private sector can function successfully for the poor in the markets where they work.

8. Ensure flexibility and adaptation in the partnership design to allow for piloting, testing, scaling (or failing), learning, and pivoting.

TABLE 2: SLR’S ALIGNMENT WITH USAID PSE POLICY PRINCIPLES

USAID PSE Policy Principles	SLR’s Operationalization of USAID Principles
Engage with the Private Sector early and often	SLR begins its engagement with the private sector by identifying companies that are focused on its sectoral priorities. Once identified, SLR determines whether these

USAID PSE Policy Principles	SLR's Operationalization of USAID Principles
	businesses are interested in addressing the key constraints that are stopping those more vulnerable from participating in the market. However, this is not a prescriptive process, rather is one of alignment. Once it has been determined that a company's business operations can benefit Ituri communities, then the conversation continues towards the ultimate point of co-creation of specific interventions that can address these constraints. The principle of engaging the private sector early and often is a requirement to this process. Furthermore, as interventions are designed and implemented, the Activity's role is primarily one of relationship management. SLR continually engages and adapts to ensure reworking of initial concepts and eventual success of joint activities.
Incentivize and value the Private Sector	This process of identification and design together with the private sector means that the core business models of the companies that SLR engages with are respected and encouraged. Valuing the private sector in this way means that any tweaks that are made to a company's business model make sense to them. Furthermore, commercial viability of a business model is of utmost importance. The Activity will not get the private sector to do non-commercial investments that are outside their usual standard business operating practices but will focus on interventions that help drive commercial approaches. This ensures that the economic and/or social incentives of the private sector are upheld.
Use a variety of USAID approaches and tools	SLR uses different approaches to catalyze investment by the private sector into Ituri.
Build on the evidence of what works	The Activity will pilot several different business models with the private sector and monitor closely for success, and then modify or drop what does not work and scale up successful models. This ensures that SLR builds upon what works in the context where it works.

The above principles help ensure that the Activity's engagement with private sector contributes to strengthening the resilience of the market systems that the Activity is working in. To catalyze private-sector investment in Ituri, the Activity engages with the private sector to fulfill its contract objectives using the most appropriate mechanism for each partner and each partnership activity. SLR is developing and using an inclusive and iterative process for private-sector engagement that allows the Activity to formalize partnerships while keeping the flexibility to adjust activities along the way based on results and opportunities. Below, this document first explains the mechanisms available to operationalize the strategy, followed by a detailed description of the engagement process that SLR has developed over its first year of implementation.

Mechanisms for Private-sector Engagement

SLR is implementing the PSE Strategy using the following approaches:

Internal and External Technical Assistance. Specific technical assistance (TA) has a role in shifting or pivoting companies into more competitive business practices, expanding their marketing or distribution strategies in Ituri so their business operations are more inclusive, improving their access to new markets, and refining products or services. This TA will be provided either directly by the SLR team, or by short-term experts hired to work with SLR's partners (e.g., internal coffee assessment opportunities, external BDS for agro-dealers, etc.).

Influencing the wider ecosystem so that it works better for the businesses and communities in Ituri. This includes involvement at the provincial government level, for instance local policies, as well as the collaboration and functioning of the humanitarian sector. This includes SLR involvement and participation in working groups and coordination platforms⁶ with government as well as humanitarian actors. The Activity maintains good relations with the military governor and is collaborating in several areas, including roads and land tenure. Coordinating and collaborating with humanitarian actors is important in an environment like Ituri that is saturated by humanitarian assistance. This reduces overlap in activities and can help maximize impacts. Going beyond good coordination, SLR is actively seeking out opportunities for collaboration with humanitarian actors to shift livelihood programming toward value chain support programming as part of the preparatory work for vulnerable people to engage in markets.⁷

Partnership building to test and scale up successful solutions. One of the main ways the Activity will engage with the private sector is by building partnerships with the private sector. This incentivizes adaptive investments and innovations that enable the private sector to test new models that provide them higher profits while benefiting communities. The Activity co-develops the solution with the potential partner through a co-creation process (see more details on [co-creation](#) below). Those partnerships are very specific in nature and developed on a case-by-case basis. When a business idea is retained and further developed, SLR then works with the business to define different activity phases with corresponding milestones (see Text Box 2), which allows SLR to evaluate progress with the partner and adapt activities as needed. This increases success by ensuring continual adaptation and mitigates risk: if a first phase is unsuccessful, the Activity allows partnerships to “fail fast.”

Joint funding can be used to test or expand the use of modern new technologies, for example, to unlock specific barriers to expanded markets and trade, and to make social investments into pilot communities focused on resilience, conflict transformation, youth and gender so that companies become more inclusive in their business operations, therefore benefitting communities. This funding can support private-sector innovations that would otherwise be too costly to undertake.

Business and Transaction Advisory Services. To the extent possible, SLR is engaging local firms and consultants to help strengthen its private-sector partners to become more investment-ready through familiarizing them with investment-facilitation services like transaction advisory services. Examples of advisory services SLR is exploring include management strategies, growth strategies, financial preparedness, market research, product development, and investment preparation.

For those businesses whose innovations show long-term commercial potential and have plausible sophisticated institutional capacity, SLR can help create a pathway to outside investment. Specifically, the Activity can help partner businesses to design and monitor pilot activities with an eye to creating a proof of concept for investors and help them strategize to raise matching capital within their own networks. The SLR team is doing this—through collaboration and the engagement of USAID’s INVEST investment-facilitation project in the DRC—by co-identifying a pipeline of high potential agriculture businesses in the province and providing local support to their initiatives as appropriate and needed. As it can take years to get firms to investment-readiness, SLR currently anticipates that INVEST will be working directly with one or more SLR partners near the end of Year Three or during Year Four.

⁶ These platforms can be good entry points to share new approaches and models and exchange on lessons learned from implementation of pilots.

⁷ While some progress has been made by humanitarian actors to limit market distortion, much remains to be done to prepare IDP populations to re-enter markets and rebuild functioning market systems.

TEXT BOX 4: PARTNERSHIPS WITH COCOA EXPORTERS

In 2021, SLR engaged in an intensive co-creation effort with communities in Mambasa. One of the outcomes included Expressions of Interest (Eols) from cacao cooperatives which specifically asked for help finding buyers/exporters. As a first step, this community engagement effort led to SLR engaging with [REDACTED] about partnership opportunities. SLR managed to rapidly get to a practical level of engagement with [REDACTED] because the community “invited” the company to the table (see more details on this partnership under Pillar 3). SLR is also discussing with [REDACTED], the largest buyer of cacao in the region, ways to aggregate and transport cacao safely while maintaining traceability and origin, a requirement in some higher value markets, such as certified organic.

Process for Engaging the Private Sector

SLR is using three ways to identify potential private-sector partners:

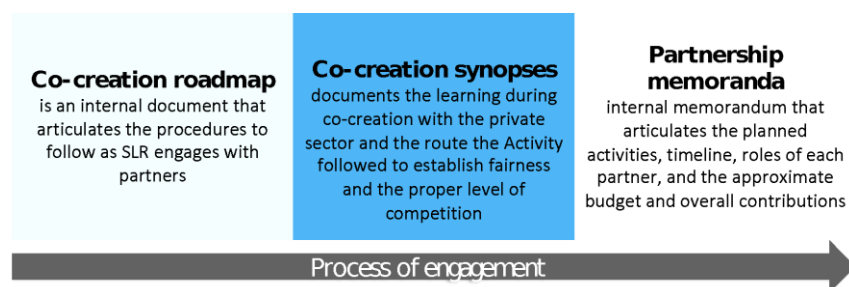
- Community co-creation efforts which identify the need to bring in private-sector actors from inside or outside the community (more details are available in the SLR AWP and annual reports);
- Through private-sector mapping exercises that determine strong potential partners with the potential to affect systemic change in Ituri, primarily through pull-strategies (SLR is also currently conducting a CSR studies to identify potential global or national corporations willing to co-invest with the project); and,
- Through targeted competitive solicitations to attract partners in strategic sectors.⁸

Co-creation of activities and objectives

Once a potential partner or partners are identified, SLR’s first role is as a facilitator. The process starts by engaging in a structured co-creation process (see Figure 4 below) with the partners to define their resource needs, parameters for success, and adaptive management tactics. This engagement includes space for self-selection so partners can signal through their actions that they are ready for more intensive engagement with the Activity or need to slow down the pace or back out of the partnership.

Once a potential collaborator has indicated their interest in an activity that addresses a priority need of the communities in Ituri and is aligned with SLR’s goals, the next step is assisting them to calculate the appropriate scale of their activity, how much of each kind of resource they need to address the selected priority, and who else can contribute to the success of the chosen goal. Together with its partners, SLR co-creates timelines, resource allocation plans and management plans.

FIGURE 4: TOOLS IN THE CO-CREATION PROCESS WITH THE PRIVATE SECTOR



⁸This also includes recruitment of partners identified through competitive procurements in the service of other partnerships. From a facilitation standpoint, this type of partner identification can lead to strong partnerships in that companies that manifest an interest in engaging further with the Activity following the winning of a competitive procurement for goods or services have already proven commercial capacity in their domain and genuine motivation—as opposed to opportunistic actors that take advantage of donors’ support.

To co-create, SLR engages with plausible private-sector partners directly at first, learning and understanding what the constraints are to their growth in Ituri, and building on what they are already doing. This type of co-creation is different from the Activity's community co-creation efforts, which requires building trust and social cohesion and often starts with large, public events to reach vulnerable groups.⁹ With time, SLR will introduce greater innovations and begin to connect these first partners to other market actors and to community and non-profit groups.

To formalize the engagement with the partner, the Activity is drawing from several tools that allow for continuous discussion and iterative learning with the partner. These tools emerged organically as SLR began the process of co-creating activities with partners in FY 2021 and have already been tested in its initial PSE efforts. These tools include:

Co-creation roadmaps. After identifying a potential partner, understanding their area(s) of interest and ensuring that it (their) aligns with communities' interest and priorities, SLR develops an internal document it calls a *co-creation roadmap* to articulate the procedures to follow as it engages with the partner.

- Each roadmap is primarily a hypothesis (expressing an intention), one that team members and private partners can coordinate around and consult on day to day during co-creation process and negotiations to ensure that they do not neglect important considerations, but that they can also revise when the creative process justifies a departure from the original route envisaged.
- In the spirit of a living document, road maps include spaces for periodic, journal-style reflections on the evolution of the co-creation process and what parts of the initial plan have held true and where SLR has made changes and improvements.

Co-creation synopses. As the Activity concludes its negotiations for one or more partnerships, it returns to the roadmap, documents the major deviations from the originally conceived route, and articulates what has been learned from that actual co-creation effort.

- The co-creation synopsis documents what happened and reflects on what portions can be carried forward into future, similar co-creation efforts.
- It also annexes the key documentation to show the route the Activity followed to establish fairness and the proper level of competition for the kinds of partnerships that emerge during the co-creation process.

Partnership memoranda. Each partnership has an internal memorandum that articulates the planned activities, timeline, roles of each partner, and the approximate budget and overall contributions. The partnership memo also includes mandatory sections connected to Monitoring and Evaluation (M&E) data-collection, social inclusion, environmental compliance, and internal operational planning to ensure that SLR and the partner can smoothly and compliantly fulfill the promises made in the partnership. Regardless of other documents signed, SLR always shares the main content of its internal partnership memoranda with its partners and ensures their commitment.

Contracts, MoUs, consultants, and direct disposition of goods. The partnership memorandum outlines the operational steps to be taken by each partner to implement the partnership activities. For SLR, this means following DAI's standard procurement, recruitment, and equipment-disposition procedures to mobilize its own contributions.

- While the consulting agreements, contracts for goods or services, Memoranda of Understanding (MoUs), or other instruments will be strongly informed by the co-creation process and good facilitation principles (for example, it may require vendors to meet certain price points that will be sustainable for local partners to take over once the Activity removes its subsidy), they follow

⁹ See lessons learned on this community process in the AWP and Annual Performance Report (APR) FY 2021.

USAID's Federal Acquisition Regulations (FAR) and Automated Directives System (ADS) requirements for activity implementation.

- The partnership memorandum remains the primary guide for implementation, learning, and adaptation, and the implementation instruments are just that—instruments selected based on their efficacy in delivering on the Activity's commitment to its partners.

The next three sections highlight some specifics of the PSE strategy under its three pillars: a) local commercial opportunities in targeted sectors, b) collaboration with humanitarian aid, and, c) CSI.

Engaging the Private Sector in Local Commercial Opportunities

Activities under this approach are intended to deepen private-sector participation in market opportunities to realize the agricultural and economic growth potential of the Province. The Activity is engaging key lead firms, agro-dealers, seed multipliers, traders, and humanitarian implementers to design and implement activities that expand production and trading, improve food storage and processing, enhance nutrition and strengthen value chains and market relationships. To support this private-sector development and expansion of rural enterprises, the Activity is identifying specific value chain actors—focusing initially on maize, beans, cassava, rice, peanuts, poultry, fish, goats, coffee, and cacao which have the most potential—and have merged during both the community engagement process and the sector selection process. TA and capacity building will be provided to market actors, for instance:

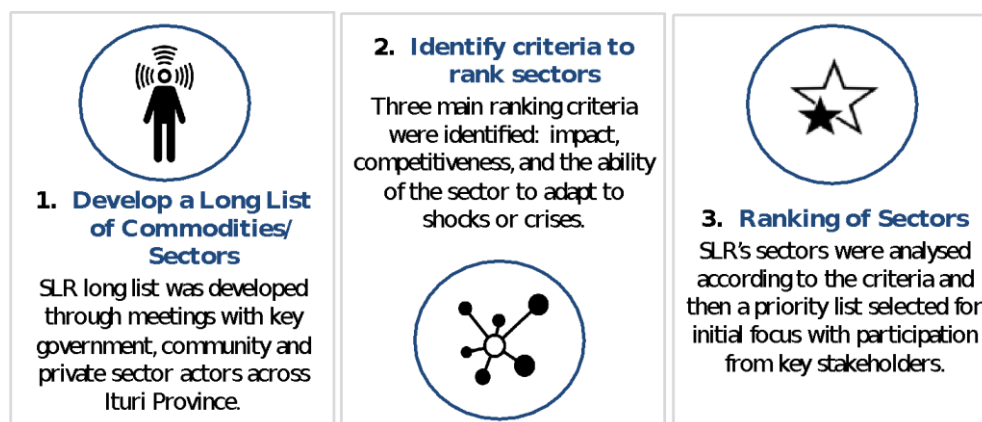
- **Strengthen local produce** associations of the selected value chains to enable rural farmers to produce, assemble, and expand their collective access to improved markets, engage with entrepreneurs and associations to improve and aggregate and sell cocoa to exporters; or working with local farmer groups to help them develop the structures to form cooperatives so they can take advantage of new business opportunities. increase local agricultural processing and value-addition, and the local availability of the required inputs and services. Through strengthening cocoa cooperatives that work with farmers to
- **Provide catalytic intellectual, technical, and financial resources** to entrepreneurs, businesses, and associations working in and with Ituri communities. SLR's innovations and creative technical input have value. This includes bringing to Ituri businesses new input and offtake models such as the Commercial Agent model and providing business expertise for small and emerging agro-dealers that provide last-mile distribution of inputs for farmers. SLR also can provide organization and financial strengthening of companies and link them with DRC INVEST or other investors.
- **Expand access to credit** is critical to expanding the agricultural sector as well as to providing livelihoods to ex-combatants and displaced populations returning to farm their land. There is interest by formal FIs to expand operations into Ituri. The details are still to be worked out, but the Activity envisions that SLR support for these institutions could include expanding mobile banking, as well as trialing new financing models, such as digital loans, savings products, or loans for cooperatives or associations.
- Finally, specific interventions are being planned to **encourage the development of value addition and ancillary businesses**, with an emphasis on youth and the disadvantaged. For example, SLR can ensure that some of the agro-dealers in its input partnership are youth, or that youth are recruited as commercial agents to provide services like aggregation, transport, marketing, packaging, post-harvest handling, processing, etc.

Focusing Private-sector Investments in Selected Sectors

SLR takes a sectoral approach to its private-sector engagement. The purpose of the sector selection prioritization was to short-list and identify sectors that appeared to have the most potential, that have been requested by the communities themselves, and are the most likely to engage and interest the private sector. SLR's fieldwork and subsequent analysis helped identified that subset of sectors that the project as started to focus on initially. These sectors will be added to and adjusted over the course of the Activity, as more pilot communities are engaged and more information on the various potential sectors is obtained. The selected sectors will also guide SLR activities in the humanitarian and CSI pillars.

The process for sector identification is outlined in the figure below and incorporates three key steps.

FIGURE 5: SELECTION OF PRIORITY SECTORS FOR INITIAL INVESTIGATION



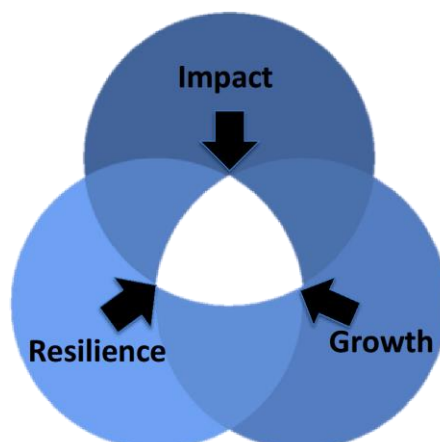
The figure overleaf outlines the three types of criteria that were used to analyze and select the sectors: a) potential for impact, b) possibilities for growth, and, c) ability for the market to build resilience.

FIGURE 6: CRITERIA USED TO SELECT SLR SECTORS

Impact The sector is inclusive and can benefit SLR's pilot communities	• There are apparent opportunities to benefit numbers of people in SLR targeted communities with improved livelihoods from food, nutrition or income, and/or creating jobs (formal or informal) • The sector has the potential to increase incomes for women or youth • This is a sector that communities have decided themselves is a priority; there is interest and buy-in from local participants
Growth The sector is growing, there is additional value that can be captured along the value chain	• There are private sector actors within the sector sourcing from or selling to SLR communities • The growth trends in the sector are positive; and the Iturien private sector is interested to invest in new activities or grow and expand their operations • There are commercial opportunities within the sector that can benefit SLR target groups • There are opportunities to capture value along the chain: i.e. through selling to higher value markets, through a new innovation, or other opportunities • Distortion from humanitarian actors will not stop the private sector from engaging in the sector
Market resilience There are opportunities for the sector to adapt proactively and inclusively during crises	• There is evidence the private sector has the capacity and is willing to adapt positively to crises or shocks • These adaptations will benefit Iturien communities and the vulnerable • The ability of the private sector to adapt positively is within the confines of the Activity and its timeline

The Venn diagram in Figure 7 overleaf, illustrates how through applying the criteria above, SLR identified sectors that appeared to have the greatest ability to provide inclusivity, commercial viability and adaptability, but also have the potential to shift into the “sweet spot” where these three criteria intersect.

FIGURE 7: THE INTERSECTION BETWEEN IMPACT, GROWTH, AND RESILIENCE



SLR's initial analysis identified four (4) main sectors and 12 subsectors in its initial programming (see Figure 8 overleaf). These sectors may evolve over the course of the project, as opportunities increase or decrease, investments are made, more private-sector actors are engaged, as the Activity expands into new communities, new locations, new markets, and new opportunities. They will also change if there is a major shift towards increased security or major changes in the key players in the political and economic governance of the market systems.

Summary information on priority sectors and the locations for SLR interventions follows. Please note that this document currently does not include any non-agricultural interventions, although this may be something to explore at a later time.

FIGURE 8: PRIORITIZED SECTORS

Sector 1: Food security and/or Market crops Subsectors: Beans, maize, cassava, rice, peanuts Initial Focus: Beans (Djugu, Mahagi) Maize (Djugu, Mahagi, Mambasa) Cassava (Irumu) , Rice (Mambasa, Irumu) Peanuts (Mahagi)	Sector 2: Primarily Cash Crops Subsectors: cacao, oil palm, coffee Initial Focus: Cacao (Mambasa, Irumu) Oil palm (Mambasa), coffee (Mahagi)
Sector 3: Fish Subsectors: Lake and river capture fisheries Initial Focus: Lake Albert (Mahagi, Djugu, Irumu) Rivers (Mambasa)	Sector 4: Livestock Subsectors: Cattle, Goats, Poultry Initial Focus: Pasture (Mahagi, Irumu, Djugu) Goats (Mambasa) Poultry (Mahagi, Djugu)

Access to Finance¹⁰: Access to finance is an enabler for companies and entrepreneurs in the province. Most local saving occurs through traditional mechanisms: Mutuelles de Solidarité Organizations (MUSOs, or Mutual Solidarity Organizations) and Associations Villageoises D'Épargne et de Crédits (AVECs), or Village Saving and Loan Associations,). However, there is interest by forward-thinking formal FIs to expand innovative financial products, not only for agribusinesses, but also for bottom of the pyramid clients in Ituri. As these initiatives materialize, SLR will engage with these FIs to discuss perhaps reducing their risk of operating with the vulnerable target populations in Ituri and how to expand their coverage of and products for the agricultural sector.

Agriculture: Some of the main food and market crops of Ituri are maize, beans, rice, potato, cassava, plantain, coffee, and cacao. SLR continues to search for ways to leverage private-sector investments into these areas. Its focus is on improving production through innovative models of input distribution, extension and offtake, so that farmers can obtain the services they need to return to agriculture and expand production. SLR will be demonstrating some new varieties in 2022 (such as iron rich and climbing beans and Vitamin-A-fortified cassava) and improved husbandry techniques, expanding access to good quality seeds that meet international standards, by setting up local multiplication and sales networks. Once production starts to expand, local level post-harvesting and processing of agricultural products and improvements in marketing are clear priorities. Given the large-scale imports of maize meal by humanitarian actors, and its importance in livestock rations SLR is focusing on maize milling in the short run. The challenge is competing with the economies of scale and prior investment made in Uganda. SLR is looking at the potential of import substituting tomato production at Tchomia, and in season B will be distributing seed for local vegetables like amaranth and pumpkin, for women's household gardens to improve nutrition. For perennial crops, like cacao, plantain, coffee and oil palm, SLR has already met with producers and made contacts with the major buyers. The escalation of the insecurity means that SLR may need to refine its strategies in partnership with the key players. One major focus is cacao, which combines an expressed interest by the pilot communities to produce and sell, by the provinces of Ituri and North Kivu to regulate its trade and harmonize taxes, the presence of a small number of key exporters that SLR has met with, which have indicated they are willing to discuss partnerships and changes, and the potential expansion of this sustainable tree crop into forested areas of interest to the Wildlife Conservation Society in and around the Okapi Forest Reserve.

Fish: Fish are a very important component of the Congolese diet and make a significant contribution to nutrition. The control and management of the Lake Albert fishery is a provincial government priority as catches decline and the price of fish rises. There are at least five major villages along Ituri's lakeshore that rely on fishing for most of their income, and if managed sustainably this sector has the potential to significantly contribute to the nutrition of the urban centers and the economic growth of Ituri. Working with the Provincial Minister and associated agencies, in collaboration with the African Development Bank Project Lakes Edward and Albert Integrated Fisheries and Water Resources Management (LEAF II/III) and the private sector, SLR intends a deeper analysis of the complex technical, economic and political issues, supervising university interns to complete Political Economic Analyses (PEAs) at Tchomia and Kasenyi, which will allow the Activity to make contributions to the Provincial Government's roadmap for the sector. SLR will also encourage development of the government's strategy so that it

¹⁰ The financial sector is an important cross-cutting sector that will be integrated across all SLR's sectors and interventions. Agricultural finance can play a catalytic role in strengthening agri-businesses and augmenting profitability and scalability. Finance also empowers poor farmers to invest in expanding their food production and income. SLR's initial assessment is that currently the reach of FIs into the rural communities and businesses across Ituri Province is extremely limited. Throughout the four territories visited there was a lack of formal institutions or organizations providing access to credit, although local saving does occur through traditional group mechanisms (MUSOs and AVECs). No significant sources of agricultural production credit are currently being accessed by communities or companies across these territories.

engages all key players and leads to specific engagements that sustainably resolve problems. In 2021, the Activity helped a local association improve the quality of their preserved fish. SLR will build on this experience to strengthen more fishing associations, and to establish a private-sector input supply system in the pilot locations, including items such as approved mesh size nets. Other interventions will review alternatives to capture fishing (such as tomato production or aquaculture), alternatives that could reduce the fishing pressure on the lake. These will be implemented along with joint activities between adjacent communities to build social cohesion. Longer-term policy activities include the harmonization of fishery laws and policies between the DRC and Uganda, the delimitation and protection of spawning grounds, and the development of cage culture of tilapia (with the International Institute of Tropical Agriculture (IITA) and a private client).

Poultry: Every location visited on SLR's reconnaissance missions mentioned poultry rearing as a profitable activity, although limited by a lack of technical advice and inputs as well as frequent epidemics. Discussions were started with the [REDACTED] around developing business plans to incubate and produce day-old chicks at lower prices in Bunia and Nioka. Prices of chicks in Ituri are considerably higher than in Uganda, due to delays at the border crossing, which increases mortality, as well as the added transport costs. Contact was made with three major poultry enterprises in Uganda regarding the provision of expertise, hatching eggs and feed. This initiative is closely linked to the commercialization of maize and the development of local milling. Imported pre-mix combined with local maize flour is a possibility. SLR has contacted several local poultry producers and individuals interested in being involved in poultry at various levels, incubation, supply of day-old chicks, production, etc. Planning for this activity has begun and is continuing. If these private-sector engagements can be formalized into co-creation MoUs, implementation will start in FY 2022.

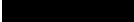
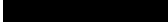
Cattle and Goats: Pastures are often a major cause of conflict with livestock roaming and damaging crops, or agriculturists encroaching onto grazing areas or demanding leased pasture areas back from livestock owners. The costs of fencing pasture would be a large percentage of the cattle production costs, and SLR is evaluating options for grazing management. SLR's initial activities started by identifying one or more collective pastures, analyzing their current ownership and management structures, and then developing plans for their sustainable long-term improvement and management. Near Fataki or Nyakunde, for example, a collectively managed pilot pasture could be evaluated, especially for improvements in its forage management and enclosure, plus its management association strengthened. Currently, much of the cattle herd has been moved (or stolen) from these conflict zones in Djugu and Irumu, so significant new investment into cattle is unlikely, but if a successful collective pasture model could be found, it would be ready for replication as and when security improves. In the meantime, SLR is looking how best to rebuild the rural veterinary infrastructure to support a revitalized poultry industry and have identified Ugandan expertise willing to assist with improving the local goat production systems in Mambasa and Mahagi.

Opportunities for the Private Sector in Local Commercial Opportunities

Based on SLR's analysis of the constraints and opportunities within the selected market systems, the Activity believes there are several generic opportunities for SLR that will allow it to engage the private sector going forward.

TABLE 3: COMMERCIAL OPPORTUNITIES FOR PSE

Sector	Constraint for communities impeding	Opportunity	Potential Partners	Type of Impact
Maize	Lack of access to quality maize seed of appropriate varieties	Production of and/or distribution of maize seed within Ituri Links to large maize buyers/off takers Processing of maize, with identification of alternative energy source critical.	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	Improved production and yields of maize and beans, increased income of farmers
Beans and peanuts	Limited access to new varieties of bean Poor links to market for peanuts and beans	Produce bean seed Link agro-dealers with the supply of new varieties of beans Better market linkages for peanuts and beans	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	Improved production and yields of peanuts and beans; increased income of farmers
Rice	Lack of assured market of rice for farmers	Link farmers to rice buyers for an assured market	[REDACTED]	Improved market prices for farmers; increased income of farmers
Goats	Goats are not grown commercially	Improve goat farming systems through access to new and improved breeds and raising practices	[REDACTED]	Improved income of farmers
Poultry	Limited access to feed and DOCs for poultry production	Create agent networks into Ituri Province from Uganda to improve sales of feed and DOCs Increased local production of poultry	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	Increased access to DOCs and feed; improved production of poultry; increased income of producers
Fish	High post-harvest losses, limited access to markets	Improve drying and salting of fish	[REDACTED] [REDACTED]	Less post-harvest losses; improved income of fisherpeople
Cacao	Poor quality and quantity of cacao	Institutional strengthening of cacao associations, e.g. Tchabi and linking these to cacao buyers Trialing new models of aggregation Improving the fermentation process, and increasing the access of these to farmers	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	Improved volumes and quality of cacao; improve income of farmers

Sector	Constraint for communities impeding	Opportunity	Potential Partners	Type of Impact
Coffee	Poor quality and quantity of coffee	Institutional strengthening of coffee associations and buyers, and linking these to international buyers Support establishment of dry mill and testing facilities in Mahagi	   	Improved volumes and quality of coffee; improve income of farmers
Finance	Limited access to finance for agribusinesses and others in the targeted areas	Work with banks and MFIs to develop innovative products that reach into communities	        	Increased numbers of agribusinesses and farmers with access to finance

This type of analysis is never a static activity, and as SLR's work expands and deepens in the pilot communities, additional private-sector actors and potential sectors are being identified.

Engaging the Private Sector in Humanitarian Response and Early Recovery

The Humanitarian Aid Market System

There is a continuing shift in the humanitarian sector towards an alignment between humanitarian, development and peace (HDP) efforts, in order to maximize impact and sustainability of programs across different kinds of assistance and to reduce the need for humanitarian assistance (HA) over time. This so-called nexus approach intends to be preventative and developmental, but it requires changes in approach and the engagement of a diverse range of actors, including the private sector.

SLR is already aware that during humanitarian and displacement crises, making better use of the private sector can minimize dependency on outside assistance, as well as support local markets and develop an interdependence, which assists and encourages the transition to economic recovery, and ultimately to sustainability.

This section explores the opportunities for SLR to leverage the investments made by humanitarian aid programs in Ituri to encourage the local private sector in the Province. SLR believes that if the Ituri private sector can benefit more from the donor investments, then it would create opportunities for them to grow and develop, creating spillover and multiplier effects into the economy. This will in turn indirectly impact the people of Ituri.

This focus on leveraging HA for development impact through partnerships between different organizations and actions as well as a focus on strengthening the local private sector so they can leverage on humanitarian assistance is closely aligned to USAID's commitment to a more coherent approach between its HDP actions.

To this end, SLR undertook a rapid survey of the humanitarian sector in Ituri to understand the current opportunities to leverage the private sector to benefit these longer-term goals of sustainability and development. SLR found the following in its rapid assessment:

1. Cash transfers. The numbers of people receiving some sort of cash or food aid is large (74,000 people in December 2021 in the new camp at Rhoo alone), and that the costs of these direct distributions can be significant. SLR also knows that there is a range of approaches being used, from cash to vouchers/fairs and in-kind among the relief/humanitarian community.

However, SLR's quick study suggests that one constraint is that there is no regularity to these transfers to IDPs, with many NGOs indicating they provide some cash just as a one-off, or at most a few times a year. Interviews with local private-sector players suggested they do not currently see a clear way for them to engage in these kinds of supply and distribution efforts.

Opportunity to leverage cash transfers: If this shift to cash is becoming more mainstream in Ituri, SLR believes that there is value in working with local retailers and wholesalers to improve their ability to supply more food to those areas where IDPs are based and where they are receiving cash. There is also an opportunity to link farmers from other territories across Ituri to these wholesalers. Linkages using innovative models could increase the flow of produce from farmers to wholesalers and then onto rural retailers in the IDP areas, with benefits for all involved.

2. Non-food items or food distribution. SLR's interviews with private-sector actors indicated that the current formal procurement processes are challenging for Small and Medium-sized Enterprises

(SMEs) as they may not have the knowledge of, nor the capacity to supply these larger procurement offers. Furthermore, payment delays (often up to three months delay in payment), mean that smaller market actors do not have the cash flow and financing to participate in these larger more profitable procurement processes.

Current opportunity: In the short run SLR does not believe there is an opportunity. The current procurement systems in place are there for a number of valid reasons, so a larger systemic change within the HA procurement methodologies and systems will need to take place in order for opportunities for the local private sector to benefit.

3. Shifting livelihoods programming to market-oriented approaches. There are a number of NGOs and United Nations (UN) organizations working with IDPs and vulnerable people through livelihoods and other activities. Typically this work is short-term and not market oriented, and often market distorting.

Opportunity to develop private-sector models for Water, Sanitation, and Hygiene

(WASH) management and maintenance: SLR's scan of the humanitarian market has determined that there is an emerging opportunity to engage the private sector around water point management and maintenance. Therefore, SLR is looking to partner with NGOs which have established water points in communities and develop and pilot private-sector models of management of these water points.

These opportunities are summarized in the table below.

TABLE 4: OPPORTUNITIES FOR PSE WITHIN THE HUMANITARIAN AID SECTOR

Constraint	Opportunity	Potential Partners	Type of Impact
Retailers, wholesalers, or payment service providers do not currently have the capacity to supply into IDP areas where cash is being distributed	Develop strategies to increase the capacity of retailers and wholesalers to stock and supply goods to IDPs. Work with maize, cassava, bean, rice farmers to supply produce to wholesalers supplying to retailers in areas where IDPs receive cash transfers.	██████████ ██████████ ██████████	Numbers of partnerships with local retailers, wholesalers selling into local communities Number of SMEs that supply into IDP areas; Number of farmers benefitting by supplying to wholesalers
HA organizations build water points; these are not being managed well leading to a failure to provide clean water for communities.	Work with key NGOs that are interested in exploring new models of market based WASH management and maintenance.	██████ ██████████ ██████████ ██████████	Number of water points that have established PS actors to manage and provide regular maintenance

SLR will develop these two pilots as a demonstration effect to the humanitarian sector to show what is possible when there is increasing alignment between HDP efforts. To that end, SLR will document the learning of these pilots with the aim of disseminating these to other NGOs, UN organizations etc. in order to influence to evolution and adoption of these approaches.

Engaging the Private Sector through Corporate Social Investment

SLR will attempt to engage the private sector as part of their CSIs, or to improve transparency and inclusiveness in their supply chains through ethical sourcing (see Text Box 5). There is an increasing interest from companies, corporate foundations, business networks and other private-sector platforms in getting involved in addressing injustices for people affected by crises. For instance, in 2014, Fortune 500 companies collectively spent \$15.2 billion in CSR annually. However, this is becoming much broader than CSR. Companies are increasingly investing as part of their social and environmental responsibility, rather than through the charitable giving arm of the company. This evolution towards inclusive business practices has only increased in our post-COVID world as the reality of our interdependence has become even more obvious.

TEXT BOX 5: CORPORATE SOCIAL INVESTMENT

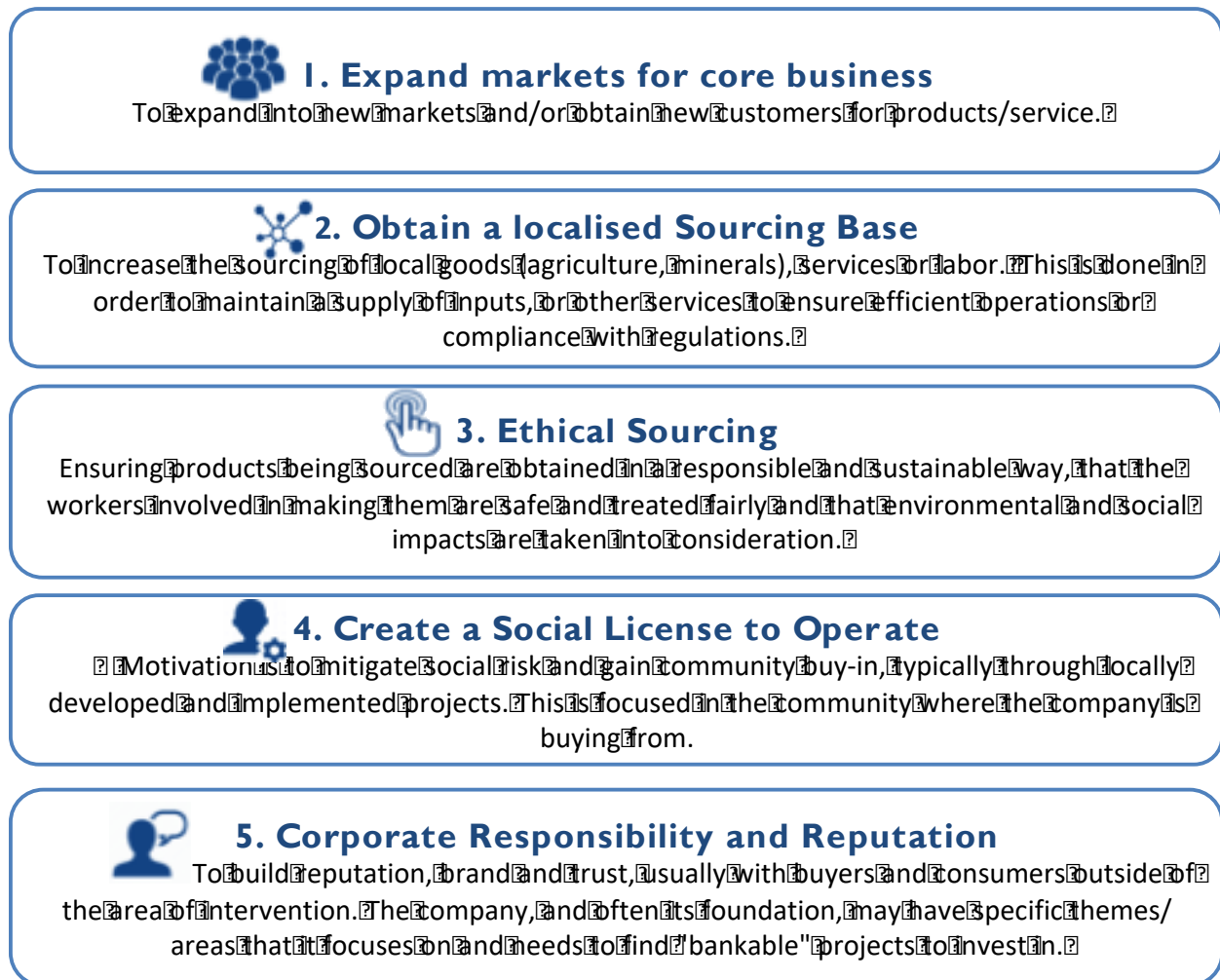
Corporate Social Investment (CSI) has many definitions, but it is typically defined as any investment that benefits the host country or community, and may benefit the company, but is not necessarily required for the company's core activities or commercial operations. It includes purely discretionary investments and those legally required by the host country (e.g. in South Africa CSI schemes are required to secure mining rights). The most sustainable CSI programs are those that benefit a company's core business interests.

Businesses are recognizing that environmental, social, and governance (ESG) factors can materially affect their performance and market value. To this end, businesses are being called upon by their stockholders to invest more responsibly and investments are seen by executives as a viable way to enhance their business assets, their own resilience and even the resilience of the communities they serve that may be affected by crises. These kinds of investments are increasingly aligning with the goals of donors and development organizations, creating opportunities for partnerships.

SLR is working to leverage this current international interest in CSI or sustainable business practices for the benefit of the Ituri population. To do so, research needed to be done to determine where the opportunities lie in this space. But before conducting such research, SLR wanted to better understand the motivations for a company's involvement in the developmental space and whether it was realistic to plan for them to include conflict-ridden, chaotic Ituri in their CSR programs.

There are some abstract reasons why a company might be motivated to source from or invest in Ituri or the Eastern DRC, for instance, bridging corporate responsibility and reputation with core business, linking CSI initiatives with core business operations, making business more profitable and sustainable, while also creating socio-economic impact in the environments in which they operate. A company may also have multiple motivations. SLR has looked at the different motivations for companies and the following six have been highlighted as relevant for the Activity.

FIGURE 9: FIVE CORE CSI MOTIVATIONS RELEVANT TO SLR



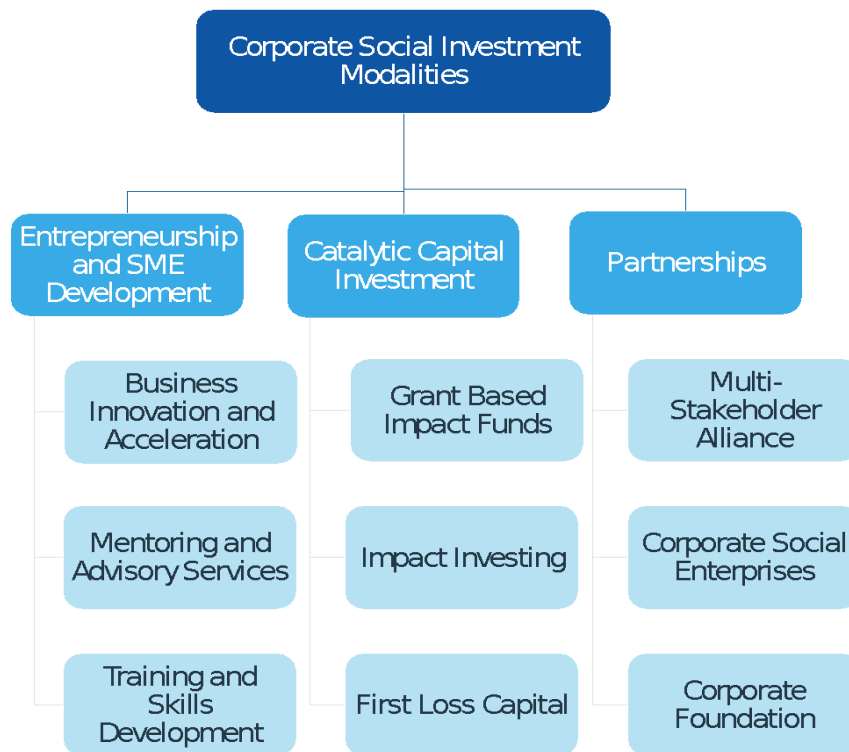
TEXT BOX 6: ETHICAL SOURCING

Ethical sourcing is the process of ensuring that products being sourced are obtained in a responsible and sustainable way, that the workers involved in making them are safe and treated fairly and that environmental and social impacts are taken into consideration during the sourcing process. Ethical sourcing also means the procurement process respects international standards against criminal conduct and human rights abuses and responds to these issues immediately if abuses are identified.

CSI Modalities

Based on desktop research and the DAI Sustainable Business Group (SBG) experience in CSI, three main types of modalities were identified for private-sector actors engaging in development initiatives. The modalities listed here represent modalities that private-sector partners are currently undertaking as well as potential engagements that SLR believes can be explored for the SLR Activity.

FIGURE 10: CSI MODALITIES



1. **Entrepreneurship and SME Development:** The production of new products, technologies, and services through models that encourage entrepreneurship. This includes services that support SMEs to innovate and promote skills transfer based on the corporates' expertise.

- **Business Innovation and Acceleration.** Corporates invest in business innovation and acceleration to catalyze new market solutions directed at solving long-standing development challenges, such as limited access to modern energy services or maternal health.
- **Mentoring and Advisory Services.** Companies can make social investments in BDS and TA, paid for by grant capital, to increase the investable pipeline of companies in emerging markets.
- **Training and Skills Development.** Corporates can invest in training and skills development of SMEs for motivations that are linked to core business inputs such as supplier or distributor development, or for reasons that are more responsibility and reputation driven.

2. **Catalytic Capital Investment:** Investment capital that is patient, risk-tolerant, concessionary, and flexible in ways that differ from conventional investment, often aimed towards both social and economic outcomes.

- **Grant-based Impact Funds.** Companies offer early-stage grant support that incentivizes companies to test new products and business models to benefit livelihoods.
- **Impact Investing.** Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.
- **First-Loss Capital.** Catalytic credit enhancement tools, such as first-loss capital, can encourage the flow of capital to risky investment opportunities by improving their risk-return profiles and thus incentivizing others to invest.

3. **Partnerships:** Collaboration structures that enable companies to leverage the assets of other organizations to access innovation, drive value creation, expand market share, and refine business models.
 4. **Multi-Stakeholder Alliances.** A multi-stakeholder initiative (MSI), is a collaborative partnership between multiple actors to achieve a social outcome or set industry standards related to sustainability and CSR. These include partnerships involving government agencies, non-profit organizations, and for-profit firms established to fund public programs, which can substantially relieve the financial burden on the government agency.
- **Corporate Social Enterprises.** Corporate social enterprises (CSEs) combine aspects of social investment and social enterprises to create a semi-autonomous organization that provides products and services for social and business impact.
 - **Corporate Foundations.** Many large corporate foundations are at the forefront of piloting innovative programs in emerging markets. While foundations have always been a traditional part of CSR implementation, they are increasingly finding ways for their foundations and CSR teams to work in conjunction with their business units to affect societal change.

Opportunities for the Private Sector in CSI

To identify CSI opportunities for the Activity, SLR performed a mapping exercise to explore potential opportunities for developing local suppliers, expanding markets, or complying with local content or ethical sourcing requirements across this strategy's priority sectors, including food security and/or market crops, cash crops, fish, and livestock.

Through the mapping, SLR assessed which investment gaps or development constraints the CSI initiatives could potentially respond to. Upon identifying an initial list of 32 companies, these companies were evaluated against specific criteria to produce a final shortlist of potential candidates. Priority was given to those opportunities with interests in Ituri and those that could link to the Activity priority sectors.

TABLE 5: EVALUATION CRITERIA

Criteria	Scoring (High-Low)
Current Operations in DRC or border areas	• Green: PS partner has operations, sourcing, or initiatives in Ituri or bordering regions (or historical). • Yellow: PS partner has engaged broadly in DRC through its operations, sourcing or CSR initiatives (or historical). • Red: PS partner does not have operations, sourcing or initiatives in DRC (or historical).
Engagement in conflict responses, or conflict areas	• Green: Partner has actively led initiatives or business operations in conflict areas (including Eastern DRC) or directly addressing conflict or disaster response (known or historical). • Yellow: Partner has funded or issued grants to support conflict response. • Red: Limited reputation or experience in engaging in conflict areas or conflict response.
Aligned to SLR priority sectors: PS partners CSI areas map to one or more SLR priority sectors	• Green: Core business applies to SLR sectors (either through suppliers or clients that the company serves). • Yellow: Linkages to SLR priority sectors through non-core business initiatives.

	Red: Weak connection to SLR Priority sectors.
Addresses identified PS constraints in Ituri (including Activity broader objectives).	- Green: Opportunity to leverage funding, addresses one or more PS constraints and/or Activity objectives. - Yellow: Potential ties to Activity objectives, but weak links to PS constraints or priority sectors. - Red: Poor linkages to address private-sector constraints.
Aligns with USAID PSE Policy emphasizing market based solutions that draw on a mutual value proposition between USAID and the PS partner.	- Green: Strong mutual value proposition. Opportunity presents market-based solution, that can mobilize private capital for scale, as a result incentivizes PS partner to play an active role to increase sustainability. - Yellow: Moderate mutual value proposition. Moderate market-based incentive and limitations to mobilize capital at scale, incentives may not be as strong for the PS partner to play an active role (i.e. serve more as grant managers than being invested in the direction and outcome of the solution.) - Red: Limited or weak value proposition between USAID and PS partners. Limited market based solution.

In total, 27 companies were short-listed, and a total of 18 identified as priority opportunities. These 18 companies have either known operations or sourcing interests in the East and Northeastern DRC regions surrounding Ituri. Five companies were found to have operations in Ituri (highlighted in the table below). Opportunities involving core business motivations were most closely linked to sub-sectors in food security and market crops, as well as cash crops. The companies are primarily food and beverage or agriculture companies.

There are also potentially indirect linkages to work in these sectors through non-core business initiatives of other companies facilitating programs linked to local content, social license to operate, or corporate responsibility and reputation.

FIGURE 11: PRIORITY OPPORTUNITIES BY TYPE OF VALUE CHAIN

Food Security and Market Crops	Cash Crops
Brans, maize, cassava, rice, peanuts, tomato	Cacao, palm oil, coffee
Direct Market Linkages Rice, brans • [REDACTED] Maize, Cassava • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] Indirect Market Linkages Peanuts, tomato (food supply) • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] Impact through non-core business initiatives • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED]	Direct Market Linkages Cacao • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] Palm Oil • [REDACTED] Coffee • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] Impact through non-core business initiatives • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED]
	<i>*operations in Ituri</i>

There were no discrete opportunities for CSI identified in fisheries and livestock. However, engagement in these sectors may emerge as opportunities that are linked to non-core business motivations of partners that involve capital investment or SME development.

TABLE 6: SHORTLISTED COMPANIES' LOCATION OF OPERATIONS

Company Name	Industry	MNC/Regional Company	Ituri/ border region operations
[REDACTED]	Energy	MNC	Future interests
	ICT	MNC	Yes through CSI engagement
	ICT	Dutch	Yes
	Food and Beverage	MNC	Yes through CSI engagement
	Food and Beverage	US	North Kivu
	Food and Beverage	MNC	North Kivu

	Food and Beverage	MNC	North Kivu
	Food and Beverage	DRC	North Kivu
	Food and Beverage	DRC	South Kivu
	Food and Beverage	US	North Kivu Sourcing/ South Kivu
	Agriculture	Uganda	Ituri, North Kivu, South Kivu
	Agriculture	Dutch	Ituri
	Mining	MNC	Haute Uele
	Mining	South African	Haut Uele
	Mining	Canadian	Haut Uele
	Mining	Canadian	Ituri
	Logistics	French	Ituri
	Logistics	DRC	Ituri

* *bolded indicates operations in Ituri*

There are an additional nine companies that were shortlisted but determined as secondary priorities. These nine opportunities have relatively weaker alignment with the Activity compared to those listed as priority opportunities. They either:

- Have a weaker sourcing or operational interest in Eastern DRC compared to those listed as priority;
- Have a more moderate core business incentive; or,
- No known or fewer potential CSI modalities to engage them.

Secondary Opportunities:

-
-
-
-
-
-
-
-
-

These companies are viewed as second priority given that these opportunities may be more of a challenge to turn into opportunities. However, while these companies are recommended as secondary priority, there is still a potential case to engage them after exploring others or as the situation in Ituri changes and if the direction of the PSE Strategy evolves.

The team will continually re-assess potential private-sector partner candidates against these criteria as additional research is conducted, and new knowledge of the potential partners is gathered.

Now that a shortlist has been identified, the next steps will be to focus on connecting directly with these shortlisted private-sector partners to determine whether there are any partnership opportunities. Follow up engagements will seek to better understand the potential partners' motivations, challenges in implementing initiatives and where SLR could support these, and potential reputational risks to assess.

Please refer to the [annexes](#) for more exhaustive lists of the companies assessed.

Conclusion

In this updated draft, the PSE Strategy has expanded on the three different approaches that SLR is taking to engage with the private sector. SLR continues to test and pilot these approaches as it engages and determines what makes sense for its partners and for the communities where it works. As the Activity moves into 2022, new interventions will be adapted to circumstances and adjusted based on the results of the engagements with the private sector using SLR's three approaches. However, SLR is cognizant that the continued insecurity in Ituri will determine the nature, scope and success of any private-sector interventions.

