



USAID
FROM THE AMERICAN PEOPLE



Day 3: PSE and Inclusive Value Chain Development

July 8, 2013



USAID
FROM THE AMERICAN PEOPLE



**Jeanne
Downing,**
USAID/E3/MPEP

3.1 How to ensure the developmental impacts of PSE



USAID
FROM THE AMERICAN PEOPLE

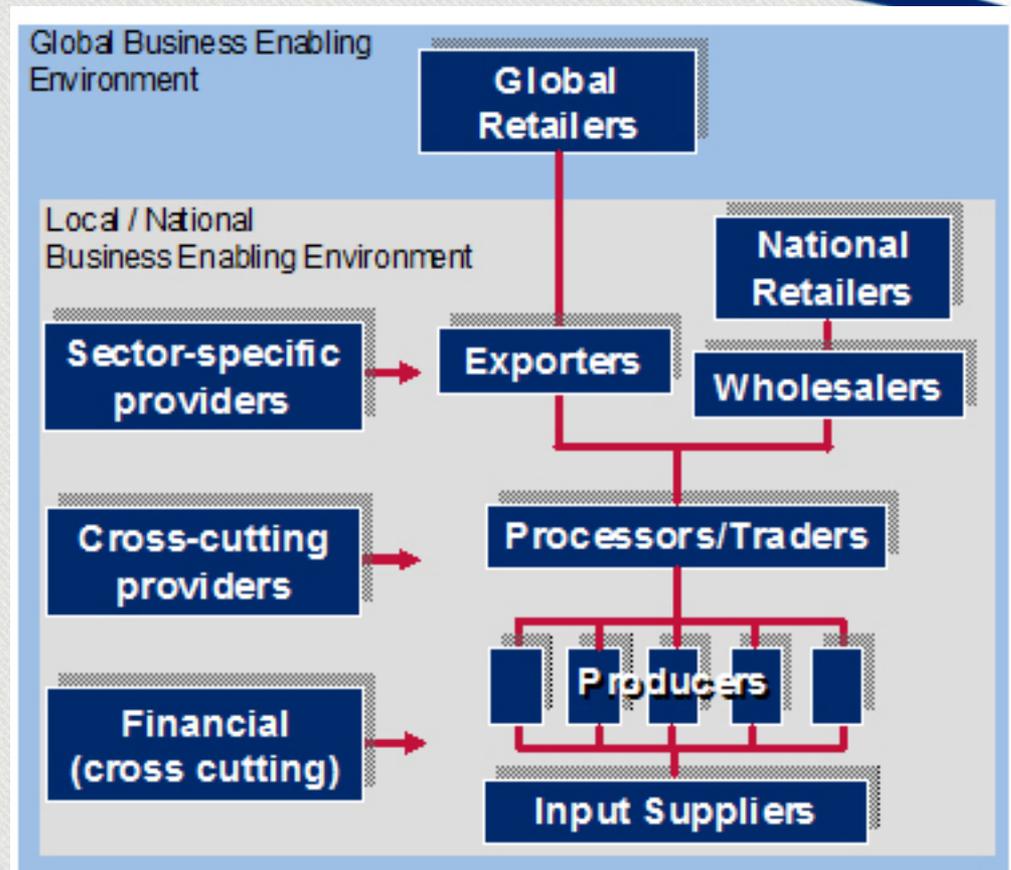
Value Chain Competitiveness

Structure

1. End Market
2. Enabling Environment
3. Vertical & Horizontal Linkages
4. Supporting Markets

Dynamics

1. VC Governance
2. Inter-firm Relationships
3. Cooperation
4. Upgrading





USAID
FROM THE AMERICAN PEOPLE

PSE Investments & Developmental impacts on VCs

Type of PSE Investment	Motivation	Developmental Impacts
Buyer – supplier	Commercial	Improved skills, product quality and knowledge of global markets
Input Supplier – consumers	Commercial	Strengthened input markets – increased availability of quality inputs
Service Provider – consumers	Commercial	Strengthened supporting markets
Bottom of the Pyramid	Commercial or CSR	Improved enabling environment – e.g., telecommunications, power, health
MNC to value chain actors	CSR	Skills development



USAID
FROM THE AMERICAN PEOPLE

PSE Investment Pitfalls: What to Avoid

Type of PSE Investment	Motivation	Pitfall
Buyer – supplier	Commercial	A single buyer, Captive value chain Side selling
Input Supplier – consumers	Commercial	A single supplier
Service Provider – consumers	Commercial	A dominant provider - lack of competition
Bottom of the Pyramid	Commercial Or CSR	Crowd out local enterprises
MNC to value chain actors	CSR	Sustainability – when skills are developed pro bono by MNC



Takeaways

- **Pitfalls** that can undermine value chain competitiveness and developmental impacts
 - single buyer
 - a captive chain
 - side selling.
- **Lesson:** the importance of:
 - Upgrading, learning and innovating to remain competitive
- **Takeaway:** Do our PSE activities invest in these things?



USAID
FROM THE AMERICAN PEOPLE



3.3 Examples of Good Practice

Questions?