PSE Opportunities Tool *Response Template* 

A template to document research and analysis when identifying PSE opportunities

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**PSE Opportunities Tool Response Template** 

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| This is a suggested template for working your way through the PSE Opportunities Tool and recording responses to the sub-questions and documenting your information sources. This template should be useful for completing key design documents like project or activity design concept notes or the mandatory questions on PSE in the Senior Obligation Alignment Review (SOAR) documents. Your responses to the 5 PSE Policy Questions and the PSE Opportunities Tool may vary greatly depending on the context, data available to you, and your analytic needs.Detailed guidance and suggested data sources for all sub-questions can be found in the PSE Opportunities Tool’s User Guide. PSE Opportunities Tool Use Cases are also available, as examples of the types of information that might be used to complete this template. |

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| PSE Policy Sub-Questions | **Responses** |
| Starting Point: What is your development or humanitarian challenge? | **Challenge**: *You might consider adding context, if helpful* |

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| **Question 1: Can the Private Sector Solve this Problem by Itself?***This question focuses on what is needed to solve your challenge and who is providing it* |
| 1. What is needed to solve your development or humanitarian challenge?
 | *Analysis*Need:  |
| 1. Are there any private sector actors that can help solve some or all of this challenge?
 | *Analysis*Domestic private sector actors: |
| 1. If there are active private sector actors, what has been their experience in participating in the solution you’ve identified to the challenge? Has their participation, or business, been growing steadily in recent years? Are they reaching USAID’s intended beneficiaries?
 | *Analysis*Experience: |
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| **Question 2: Could there be a Market-Based Approach to Addressing this Challenge?***This question identifies the target population group, their demand, and the market dynamics at play* |
| 1. Who has to buy, use, or access these items or services offered by the private sector, that may help in solving this challenge?
 | *Analysis*Consumers: |
| 1. Do these target groups want the items or services provided by the private sector that would help solve your challenge? Why are these items/services in demand?
 | *Analysis*Consumer demand: |
| 1. Do you have any reason to believe the target groups would be willing and able to pay for this item/service?
 | *Analysis*Yes/no: |
| 1. Is the current price of this item/service equal to or lower than the amount that target groups are willing and able to pay?
 | *Analysis*Yes/no: |
| 1. What other market drivers may be influential in the supply or demand of this item/service?
 | *Analysis* |
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| **Question 3: What are the Roles and Interests of the Private Sector in Addressing this Challenge?***This question focuses on the willingness of the private sector to reach the target groups identified in the previous question* |
| 1. What are the private sector interests in solving this challenge?
 | *Analysis*List the main interest(s): |
| 1. What are the long-term business goals for these private sector actors and how does that relate to your development or humanitarian challenge?
 | *Analysis*Long-term goal: |
| 1. What advantages would the private sector bring towards solving your challenge? Why might working with them be better than other modalities/mechanisms that USAID has access to?
 | *Analysis*Key advantage: |
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| **Question 4: Are there Factors Constraining the Private Sector from Involvement and Investment?** |
| 1. What are the most significant issues that constrain the private sector actors you identified in Question 1 (or the companies you are interested in)?
 | *Analysis*Constraint(s): |

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| **Government Failure**  | **Incomplete Markets** | **Information Failure** | **Imperfect Competition** | **Missing Inputs** | **Externalities** | **Exclusion** |
| Poor property regulations or weak enforcement  | Lack of access to financeCoordination failure in supply chains or industries | Limited transparencyFirst mover disadvantageLimited adoption of modern practices | Barriers to entry | Lack of basic infrastructurePoor workforce health and education | Detrimental environmental practices | Discriminatory formal and informal institutions |

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| 1. Why is the private sector interested in working with USAID? What do they want from USAID?
 | *Analysis*Need: |
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| **Question 5: Is There a Role for USAID to Help Alleviate or Eliminate these Constraints?** |
| 1. How is your proposed approach responding to a constraint identified in Question 4?
 | Approach:*Analysis* |
| *If you are considering providing funds to support a company:*1. Does the company/ies have sufficient funds to self-finance the project (within a reasonable timeframe)? Does the company/ies have access to capital on suitable terms or quantities through the conventional marketplace?
 | Yes/no*Analysis*  |
| *If you are considering providing knowledge or technical assistance to a company or group of companies:* 1. Does the company/ies truly lack this knowledge or competencies to design, scale, and/or implement a business model in a way that has an impact on your development or humanitarian challenge?
 | Yes/no*Analysis*  |
| 1. Would any of these engagements have the potential to improve the efficiency and competitiveness of a large number of local firms in the long run?
 | Yes/no*Analysis*  |
| 1. Is this engagement likely to displace other companies already operating or ready to enter the market?
 | Likely/unlikely*Analysis*  |
| 1. Does this work duplicate the work of other donors?
 | Yes/no*Analysis* |
| 1. Have these companies worked with other donors in the past to solve this challenge?
 | Yes/no*Analysis* |
| 1. Sniff test - Would a skeptical (but reasonable) observer find your argument convincing that you are not subsidizing the private sector?
 | Yes/no*Analysis* |

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| **Data Sources** *Record the most important or informative information sources you relied upon and who you spoke with*  |
| Key documents  |  |
| Internal USAID discussions |  |
| Private sector discussions/interviews |  |
| Other relevant information sources |  |