

Making a World of Difference through Development Alliances

by Dan Runde

USAID's recent efforts to partner with private companies in the identification, design, funding, and implementation of development projects render some lessons learned.

The Office of Global Development Alliances at the U.S. Agency for International Development (USAID) mobilizes the ideas, efforts, and resources of governments, businesses, and civil society by forging public-private alliances to achieve development objectives.

In the 1970s, official development assistance—more commonly referred to as foreign aid—accounted for 70 percent of all resources sent from the United States to the developing world. In the last thirty years, in an important shift, more than 80 percent of the resources flowing from the United States to developing countries now come from sources other than official U.S. development assistance. These other sources include investments from many nongovernmental U.S. entities, including foundations, corporations, private and voluntary organizations, colleges and universities, religious organizations, and individuals through remittances sent to families still abroad.

Global Development Alliance

In keeping with this shift in development assistance, in which the private sector and civil society play larger roles, USAID—the federal government's leading agency for foreign aid—created the Global Development Alliance (GDA). The GDA initiative welcomes partners, including private companies, as equals, taking part not only in the

implementation of development projects, but also in their identification, design, and funding. These partnerships unite the unique skills and resources of each partner and apply them to problems that no one actor could solve alone.

In 2001, a team of leading thinkers in USAID conceived and implemented the GDA concept. The team not only built upon, but expanded, USAID's long-standing partnership with nongovernmental organizations (NGOs), foundations, and international organizations. In addition, USAID's ties to private companies—previously limited—were rapidly expanded.

In support of this new initiative, USAID set up a small staff secretariat in Washington, DC, to provide its employees with technical support, training, and organizational incentives (including an incentive fund for innovative new alliances) to establish what has become both a new business model for the agency and an emerging model for development assistance with global implications.

Since the inception of the GDA model, the use and impact of public-private alliances have dramatically increased. In 1999–01, for example, only seven public-private alliances were formed. In contrast, between fiscal years 2002 and 2004, USAID funded approximately 290 public-private alliances by leveraging more than \$1.1 billion of USAID funds with \$3.7 billion in outside partner contributions, much of this in cash and in-kind goods and services from companies.

In the past few years, many factors have been essential to the success of the GDA model. These lessons learned may apply beyond the development arena to other entities attempting to develop new business models and build the kind of organizational change necessary to support them.

Lesson One: Nothing Succeeds Like Success

Early success stories that showcased the potential of the GDA model to internal and external audiences were a key factor in the overall success of the program. These early successes allowed GDA to gain an initial set of champions in USAID who could help mainstream

the model throughout the agency. These same success stories helped to develop a positive reputation with external partners and to demonstrate concrete impacts through specific partnerships.

One example of an early success was USAID's alliance with the Chevron energy company in Angola. Chevron and USAID each agreed to spend \$10 million over five years to strengthen small and medium businesses and consolidate the peace after thirty years of civil war by assisting refugees and former soldiers on development issues. To date, the alliance has provided agricultural and livelihood development services to 210,000 excombatants and refugees. Together, USAID, Chevron, and others helped set up a small and medium enterprise bank, NovoBanco, which has disbursed 500 micro and small business loans totaling \$2.5 million and has allowed 5,000 people to establish savings accounts for citizens in Angola worth \$1 million.

Another early alliance was a multimillion dollar global e-learning initiative between USAID and Cisco, the San Francisco-based computer company, and its Networking Academy Program in the United States. Through the alliance, students learn important computer networking skills, prepare to compete in the global marketplace, and receive internationally recognized Cisco Certified Network Associate credentials. The alliance also provides scholarships for girls and women to attend the Networking Academies and offers job-search guidance to academy graduates. This alliance has resulted in the development of an information technology workforce at more than 200 Cisco Academies in 41 countries with 10,000 students, 30 percent of them women. In recognition of the success of this alliance and Cisco's outstanding corporate citizenship, the U.S. Department of State gave the 2005 Award for Corporate Excellence to Cisco Systems in Jordan.

A final example is the Balkan Trust for Democracy, a \$29 million grant-making initiative designed to support good governance and increase civic participation in southeastern Europe. Partners include USAID (contributing approximately \$10 million), the German Marshall Fund (approximately \$10 million), and the Charles Mott Foundation (approximately \$5 million); several European governments and the Rockefeller Brothers Fund provide the remainder of the resources. Since its inception, the Balkan Trust has awarded more than 240 grants totaling more than \$6.2 million to civic groups, indigenous NGOs, governments, think tanks, and

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educational institutions to promote democratic consolidation and cross-border cooperation and reconciliation.

Lesson Two: Invest in Staff

The GDA Secretariat developed a two-day workshop primarily for USAID internal staff members. The workshop includes training on GDA concepts and resources available to support new alliances, sharing of USAID's current experiences with alliances, and hands-on assistance in alliance development for participants. Since September 2002, the GDA Secretariat has held thirty-three training workshops, about half outside Washington to encourage field participation. More than 900 of USAID's 8,000-person staff have attended to date.

In addition, the Secretariat developed several documents for internal and external use to help support alliance building. One of the most popular is Tools for Alliance Builders, which has been revised frequently in the last four years in light of USAID's growing experience with the GDA model. It is a standard reference inside and outside USAID.

Lesson Three: Adapt and Change

The success of the GDA model depends on the ability of the USAID staff to effectively build and manage public-private alliances. Once staff members learned the GDA model, changes were clearly needed in USAID's traditional procurement processes to facilitate alliance building.

Therefore, the GDA Secretariat issues an annual program statement, which allows nontraditional partners to come to us with new approaches. This tool allows USAID to discuss hundreds of new ideas for alliance building. In addition to the authorities for grants and contracts, USAID has had an "other transactions authority," but had not invoked it previously. Since many alliances cannot be categorized as a donor-grantee or vendor-contractor relationship, the Secretariat created the collaboration agreement, which essentially allows a strategic-level "contract" between USAID and resource partners. This is the first time in decades that a new procurement instrument has been forged at USAID. The Secretariat has also clarified reg-

ulations on organizational conflict of interest and competition policy.

Lesson Four: Respect the Organization's Existing Strengths and Culture

To empower those closest to the problems "in the field," USAID is a decentralized institution. As the GDA model grew and was disseminated throughout the organization, responsibility for alliances shifted to the field. Now, selection and management of alliances take place at the mission level to enable the partnerships to match the objectives and needs of the USAID in-country staff. The GDA Secretariat in Washington has moved toward coordinating alliance efforts, supporting field missions, and performing outreach to the private sector.

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Lesson Five: Over-Communication

The GDA Secretariat is looking for appropriate opportunities to insert relevant material to help make the case for alliances. It has a monthly column in the internal USAID newspaper. Administrator Andrew Natsios and other senior officers speak frequently about the GDA initiative, and the Secretariat invites them to speak at training sessions. Speeches, presentations, and constant communication—coupled with senior-level support—have all contributed to internal progress.

Lesson Six: Make It Easier to Say "Yes"

The GDA Secretariat has internal and external clients. Since the GDA initiative asks USAID internal clients to accept a new model of doing business, it makes the transition easier for them. Setting up meetings, taking notes, writing the first draft, and paying for the conference call, all help make it easier to begin the discussion.

Offering to cover the cost of hosting a small meeting or sending a consultant for a few days has gone a long way in securing buy-in from colleagues internally. USAID leadership also ensured that the GDA Secretariat had a small internal incentive fund for innovative alliances built by USAID missions.

Lesson Seven: Establish Metrics and Use Them

The expansion and deepening of the development impact of alliances, improvements in agency business processes that allow the USAID staff to effectively build and manage public-private alliances, and the amount and type of resources leveraged for development all demonstrate the success of the GDA initiative.

The GDA Secretariat has some simple metrics to measure success:

- ◆ The number of new alliances built over time.
- ◆ The amount of money leveraged agency-wide. (The GDA Secretariat keeps “pre-alliances” or “alliance-like” activities off the list and also excludes some of the very large global health alliances that would skew the leverage numbers.)

Lesson Eight: Reward and Recognize

After some effort, the GDA Secretariat has been able to get two awards embedded into the annual awards program at USAID. One is for the Alliance of the Year and another is for the USAID professional who did the most to support alliance building in a given year.

When the Secretariat is offered an opportunity to speak, colleagues from the field or from technical offices represent it because they are the internal “owners” of the alliance.

Innovation in Collaborative Governance

The GDA Secretariat has developed a number of materials that describe the various public-private alliances, including a Web site, a brochure with brief

overviews of alliances, and a report that details alliance case studies.

The leadership and staff at USAID originally thought that the GDA Secretariat would be temporary and that the agency could embed this model into regional and functional bureaus. What quickly became apparent was that alliance building was going to require dedicated people and some resources. In this vein, in December 2005, USAID decided to convert the Secretariat into the Office of Global Development Alliances to reflect and reinforce the success of the GDA model and to signal a commitment to working with nontraditional partners to bring about sustainable development outcomes.

GDA efforts continue to reap remarkable results—around the world and in USAID—and they have also received prestigious outside recognition. In November 2005, the GDA won the very first Lewis & Clark Award for Innovation in Collaborative Governance. This award is made by the Council for Excellence in Government in Washington, DC, and the Weil Program in Collaborative Governance and Ash Institute for Democratic Governance and Innovation, both at Harvard University’s Kennedy School of Government. The award—the first of its kind—celebrates real-world success in collaborative governance and advances scholarship by highlighting noteworthy examples for analysis. ◆

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