

Advisory Committee on Voluntary Foreign Aid Public Meeting

— May 31, 2001 —

SUMMARY REPORT

Development Cooperation in the New Global Context

William S. Reese, ACVFA Chair, welcomed the ACVFA members, U.S. Agency for International Development (USAID) staff, and meeting participants.

Mr. Reese referred to this quarterly meeting as a special occasion, an ACVFA debut, for Andrew S. Natsios, the newly appointed USAID Administrator. Formerly with USAID in the late 1980s, Mr. Natsios now returns to provide top leadership to old and new challenges as mandated by President Bush. His appointment signifies a new partnership with the State Department. Mr. Reese stressed that ACVFA pledges its honest and candid advice and a “forum in the sunshine” for discussion of international development that will have a real impact on people.

This meeting focused on alliance building, with special attention to USAID’s Global Development Alliance. Concurrent breakout sessions centered on three of USAID’s new Program Pillars:

- economic growth and agriculture
- global health
- conflict prevention and developmental relief.

USAID’s New Approach to Development Andrew S. Natsios, USAID Administrator

Mr. Natsios spoke of his happiness to be speaking with the members of ACVFA and the public. He noted the reasons for his enthusiasm:

- He was delighted to be appointed Administrator of USAID - the only job he wanted in the new Administration.
- One of his heroes in American life is Colin Powell, and he anticipates his great success as Secretary of State. Just back from a trip to Africa with Secretary Powell, he referred to their similar visions of development/humanitarian policy.
- He appreciates President Bush’s commitment, particularly in terms of combating atrocities, famine in the Sudan and the HIV/AIDS pandemic.
- ACVFA has an important role in advising senior members of the Administration on the views of the nonprofit sector.

Mr. Natsios commented on the importance of the nonprofit sector to him and USAID. Based on current data (though

incomplete), one-third of USAID expenditures goes to American-based NGOs and another third goes to nonprofits, including indigenous NGOs, universities and other organizations, such as labor unions and cooperatives.

The Administrator described two characteristics of the post-Cold War world:

- **Globalization** – the intersection of national and global economies.
- **Conflict** – failing states and civil unrest causing economic and political damage.

Mr. Natsios introduced the Four Pillars which help describe what USAID does, and will provide structure for reorganizing USAID’s budget/finance and programming systems.

- **Global Health.** This will include HIV/AIDS and infectious diseases; women’s reproductive health; population programming; child survival; nutrition; public health; and water and sanitation.
- **Economic Growth and Agriculture.** Poverty cannot be eliminated without economic growth. An increased focus on agriculture and rural investment is an essential component of this pillar.
- **Conflict Prevention and Developmental Relief.** Development workers need to view development activities as conflict prevention mechanisms when the potential for conflict exists. They also need to link relief to development and include development initiatives in relief programs.
- **Global Development Alliance (GDA).** GDA is a transformation of the way that USAID does business. It will be a vehicle for treating USAID as a type of venture capital fund, with more attention to public-private alliances.

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Mr. Natsios intends to be a change agent to improve USAID’s central management systems – procurement, personnel, finance and information systems. There have been problems with Congress because the Agency has not paid adequate attention to these systems in the past. Mr. Natsios concluded by reiterating his belief in the President’s and the Secretary of State’s support for USAID’s work. While there is an inherent tension between USAID and the State Department because of their different perspectives and timeframes, the overall relationship is positive and supportive. The outlook for development over the next three-to-four years is optimistic.

DISCUSSION

Questions raised included:

Question: Mr. Natsios has emphasized economic growth and has spoken about the energy needs in Africa and some parts of Asia. Will USAID involve the major U.S. and global energy corporations in addressing energy needs in developing countries?

Response: Rural electric development is vital, and USAID already sends representatives from the energy sector to developing nations to assist with energy development. This will continue.

Question: Given the importance of good senior leadership in the Agency, how much influence will Mr. Natsios have over the selection of his senior staff?

Response: Mr. Natsios has been given latitude by the White House in selecting his staff. His choices will be based on obtaining a cross-section of skills, with an emphasis on management capability and ideas. Five Assistant Administrator candidates are going through the security clearance process and will be named as soon as that has been completed.

Question: How much flexibility will Mr. Natsios have in allocating budgetary resources and in securing the additional funding necessary to achieve the exciting agenda he has laid out?

Response: The many congressional earmarks and directives (243 soft earmarks in all) create a management problem. They restrict the flexibility of USAID mission staff who know best where funds need to be allocated to address development problems. Another problem is posed by long-term contracts that tie up funds and limit flexibility. Synchronizing USAID's budgeting system and organizational structure will help to some extent in addressing these constraints.

Question: Will Mr. Natsios use a systems approach to reorganization or continue to use management units that contribute to "stovepiping" of USAID's programs?

Response: Within his first year, Mr. Natsios plans to make changes that will result in improved systems and a realignment of incentives with objectives. For example, his work at the Boston "Big Dig" project illustrated how to use an incentive system to cut costs and safety hazards. Mr. Natsios will consult with stakeholders on proposed changes in USAID's systems. He asked for feedback from the NGO community on how to improve the systems and build in incentives for USAID staff to embrace the changes.

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PANEL

Alliance Building

Linda Morse, Acting Assistant Administrator,

Europe and Eurasia, USAID

John Costello, President, The Citizens Network for Foreign Affairs (CNFA)

Kevin Quigley, Executive Director of Global Alliance, International Youth Foundation (IYF)

USAID's Global Development Alliance: Business Model for the 21st Century: Linda Morse

Ms. Morse said the focus of GDA is on partnership among the multiple kinds of institutions working in development. These new alliances will attract old and new partners to the table in full partnership; bring in additional development resources particularly from the private sector; stimulate new ideas and innovation; and act as a wedge into management systems reform.

The GDA is intended to change the corporate culture of USAID – to move the Agency into the role of a catalyst, synthesizer and integrator of new funding for development.

The GDA is not completely new for USAID. The Agency has been involved in successful partnerships within individual countries and in several multi-country alliances. The GDA is an attempt to build upon those, to learn from the best of them, and to bring them to scale. Over time this approach will permeate all of USAID's activities. The GDA has been started with a small secretariat and, if Congress approves, a

seed fund of \$160 million for Fiscal Year 2002. This fund will not be permanent, but will disappear after two-to-three years as the GDA takes hold in the Agency's operations.

In addition to money, USAID offers in-country presence and experience; the force of the US government into dialogue; and technical expertise in a variety of different areas. Over the next few months, there will be meetings to bring in partners from all sectors. Mr. Natsios expects 2-3 large alliances to be solidified in the first year.

Building Successful Alliances: Lessons and Strategies from Public-Private Partnerships: John Costello and Kevin Quigley

Mr. Costello discussed strategic alliances between the public and private sectors, and noted the importance of the capital, expertise and know-how brought to these partnerships by the private sector. Four-fifths of the world's population in emerging economies is in agriculture. Over the past eight years in the countries of the former Soviet Union, USAID has invested \$80 million in agribusiness partnerships involving CNFA, USAID Missions and the private sector. CNFA has facilitated opportunities for alliances and partnerships among 300 agribusinesses and farm organizations.

Fundamental ground rules for successful public-private partnerships include shared values and goals, transparency and equity, as well as constant and open dialogue. Economic empowerment of enterprises and people will produce results and commitment. Allowing producers to pursue their interests in economic and political ways will have significant implications on the development process.

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Kevin Quigley stood in for Maria Eitel, Vice President for Corporate Responsibility at NIKE, Inc. and President of the NIKE Foundation. He presented the Global Alliance, a public-private-nonprofit initiative that includes NIKE, the Gap, the World Bank and receives support from a number of universities and foundations including the MacArthur Foundation.

The Global Alliance arose out of the debate over globalization. NIKE was challenged because of working conditions in the overseas factories that produce their goods. NIKE's original response was that they were not culpable since they do not own the manufacturing facilities. Then they developed a code of conduct. Over time, they took a closer look at their code of conduct and decided they needed a new strategy. NIKE encouraged its contract factories to invest in the human development of their workforce to have

a positive impact on the lives of their workers both at home and abroad. NIKE adopted this strategy as a core business concept, but realized it was not their core competency. Thus, the company identified IYF to work towards improving the prospects of workers inside and outside the workplace, and to do it in a transparent way, based on the best participatory development techniques.

The Alliance, given a five-year commitment, was fully funded up front from corporate budgets. It is one of the most active, intensive and results-oriented partnerships in which Mr. Quigley has been involved. The initiative is about changing incentives and practices of global manufacturing partners. The key elements in its success are the commitment of the boards of all the organizations involved, the relatively long timeframe, and transparency in operations. Also critical is the fact that the initiative goes beyond corporate philanthropy and relies on the corporation's core business resources and is there-

fore central to the company's business.

BREAKOUT SESSIONS

Economic Growth and Agriculture

Emmy Simmons, Deputy Assistant

Administrator, Center for Economic Growth and Agriculture, USAID

**Peter Reiling, President, Technoserve, Inc.,
ACVFA Member**

**John Flynn, Managing Director for Agriculture,
Winrock International**

Ms. Simmons presented the work of the Consultative Group on International Agricultural Research (CGIAR). Organized in 1971, it is an alliance of private foundations, gov-

ernments and international organizations such as the World Bank. CGIAR accounts for \$350 million in agricultural research on crops and the environment. Ms. Simmons also discussed Partnerships for Food Industry Development (PFID), a new program intended to forge alliances in agribusiness and trade, food safety and standards.

There are currently two USAID-funded alliances, one focusing on the fruit and vegetable sectors and the other on the meat and seafood sectors. These alliances aim to improve the food safety and regulatory structures for agricultural products in a global economy.

Lessons learned through CGIAR include four criteria for successful partnerships: transparency, trust, shared vision/goal and mutual benefit. In addition, accountability and governance are needed where public funds are involved; fast-evolving situations require hands-on and long-term involvement; and the best ideas are big and relatively simple.

Mr. Reiling reported on Technoserve's experience in alliance building to create economic growth in rural areas. Technoserve has partnered with corporations representing a cross-section of industries, and has many successful agribusiness projects in Africa and Central America.

Mr. Reiling highlighted several important issues that PVOs should consider when creating alliances with the private sector:

- Never sugar-coat the business risks in the developing world;
- Define what you will and will not do with your business partner (e.g., do you want to be a distribution channel for their products);

- Do not underestimate what your organization can offer your business partner;
- If cash is difficult to secure, many corporations are willing to make in-kind contributions, including staff and equipment;
- Focus on – and deliver – results.

Mr. Flynn provided an overview of Winrock International, a science and technology-oriented, charitable organization that works in 45 countries around the world. He stressed that agriculture has been a global business for the past 20 years, and that partnerships are crucial to leverage resources to improve the development product.

For partnerships to be successful, the parties must have mutual or shared interests; complementary resources and/or capabilities; and their objectives must be clearly defined and mutually agreed upon. Commercial interests can promote sustainability – financial, institutional and environmental.

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DISCUSSION

Several participants were vocal on the shareholder vs. stakeholder issue. Some shareholders want control since they have brought in the money, yet stakeholders can provide valuable, in-kind contributions. Everyone concurred that both parties should be at the table and that USAID needs to be supportive, though not responsible for identifying the key stakeholders. Indigenous people need to be heard and gain control of their own resources and property.

There was much discussion of the effects of political interests: they can inhibit PVOs from working with the people who need the development help; USAID and corporate partners might not want their money going to particular countries - or particular groups within countries - for political or economic reasons.

An ACVFA Member noted that partnerships suggest facilitation by PVOs and NGOs, yet the private sector often prefers to partner directly with no intermediaries. On the other hand, partnership brokers can play a useful role in neutralizing conflicts among partners.

There was agreement that GDA signifies a culture shift, and new partnerships need to be more inclusive. Inherent conflict of interest issues must be addressed as well.

Global Health

Joy Riggs-Perla, Director, Office of Health and Nutrition, USAID

Peggy Curlin, President, Centre for Development and Population Activities (CEDPA), ACVFA Member

Ms. Riggs-Perla said that these are exciting times for global health with a new level of commitment. Reasons for this include: Congress is viewing health as an issue of necessary concern to all; foundations are expanding their role in international health; PVOs are more active overseas; NGOs are playing a unique role often unfulfilled by governments; there is increasing interest among corporations that recognize the importance of being involved in global issues, as well as demonstrating good citizenship; and alliances and alliance-generated resources are burgeoning.

Examples of global health alliances include: (1) food companies with the VITA Alliance (Kellogg, Heinz, etc.) focusing on food fortification as an efficient and sustainable way of addressing micronutrient deficiencies. The alliance looks for ways to achieve health goals using private companies that can benefit from expanded markets and higher quality (fortified) products; (2) pharmaceutical companies (like Hoffman-LaRoche) with donated Vitamin A; (3) the

Health Tech project with the Program for Appropriate Technology for Health (PATH) which has worked with a variety of companies on the development of health products such as vaccine vial monitors, auto-disable syringes and needles, diagnostic kits and uniject vaccine delivery systems. The technology for many of these products has also been shared with organizations in the developing world.

Ms. Curlin discussed how local-level alliances are also being built. For example, the Safe Motherhood Alliance in Nepal has drawn together businesses, movie stars and com-

munities to educate local organizations and schools about Safe Motherhood issues. USAID missions are increasingly interested in facilitating PVO-business partnerships to benefit communities.

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DISCUSSION

There was consensus that USAID could play a useful role as a facilitator for bringing together private enterprises, NGOs and PVOs. Other government agencies are getting involved

in international programs and GDA might help harness resources. There was also discussion of USAID's comparative advantage of in-country presence, technical staff and a network of institutions working locally. Public awareness should be a priority.

A discussion of HIV/AIDS programs prompted general agreement that USAID ought to focus on treatment as well as prevention. There was also talk of incentives to get patients in for treatment, as well as support for testing and counseling programs. Most participants agreed that getting involved in "flavor of the month" causes was a bad idea because important agendas are neglected.

Many participants spoke out on what USAID and PVOs need to do to foster alliances. Input included: procedural processes for all parties; conflict of interest guidelines; workshops for alliance formation; help on the part of InterAction; protocols and guidelines; codes of ethics; evaluation techniques; and best practices.

Other participants also pointed out that alliances take a lot of hard work to develop and keep active. Conflicts arise because of different risks, expectations and accountability. But alliances also keep PVOs from stagnating and new partners provide diversity.

Conflict Prevention and Developmental Relief

Charles MacCormack, President, Save the Children, ACVFA Member

William Renison, Humanitarian Assistance Policy Advisor, Bureau for Policy and Program Coordination (PPC), USAID

Mr. MacCormack asked the group to consider how alliances and partnerships might assist in improving humanitarian response and in broadening the players and sectors involved in the relief-to-development continuum. Mr. Renison talked of his background at USAID as it relates to the Third Pillar. Given recurrent emergencies starting with the drought in southern Africa in 1992, he realized that a strategy was needed for effectively dealing with development in the context of conflict and crisis. There was an urgent need to improve organizational structures so that development staff could work on conflict/disaster issues. Specifically, he noted the need to use resources more strategically and in an integrated framework – one that deals with the root causes of conflict and integrates humanitarian and economic assistance

to prevent and/or mitigate violent conflict, and that breaks down the traditional sectoral stovepiping of resources and programs. USAID recently sponsored a conference on the role of foreign assistance in conflict prevention. There is a link to the conference proceedings on USAID’s website.

Mr. MacCormack spoke of the partnerships between Save the Children and corporations, foundations and government agencies. In any crisis, there are complex long-term issues that must be grappled with to mitigate future disasters.

In El Salvador, the Gates Foundation provided resources to rehabilitate the health and educational systems over the long term, while donors and the Salvadoran government focused on immediate reconstruction needs. For Save the Children this foundation support is important in managing the relief-to-development continuum. These partnerships must be two-way streets that benefit all parties. For example, a partnership with Microsoft brings needed technologies to local communities while improving employee morale and retention rates.

There is a need for conflict of interest guidelines that encompass the needs of all partners, including a code of ethics, disclosure and background checks.

DISCUSSION

There was overwhelming agreement with the need for every organization to know its mission and capabilities, as well as for partners to share goals and objectives. In response to a cautionary note about the danger of losing organizational identity when a partner takes on the other’s goals and objectives, a participant noted that successful partnerships can be built on sharing just the mutual objective of solving a particular problem, such as the need for pharmaceuticals in a given area. The more an organization is clear about its

own identity, the easier it is to partner. Another point of concurrence was the importance of partners finding a common product or interest (such as water accessibility).

Other participants spoke about the need for neutrality. Working with local NGOs is optimal, though sometimes impossible. Getting USAID support can curb neutrality. A few attendees said that partnering with the private sector causes competition among PVOs. Also, there were calls for more flexibility from donors.

One participant sparked discussion with four components of conflict prevention: leadership, trust, focus and resources. If the resources are available without the first three components, the project will fail. If there is leadership, trust and focus, the resources will come.

There was general discussion about the need to customize partnerships. In addition, there are differences between European government donors and the US when it comes to partnerships with NGOs. This is a large issue that must be addressed.

**REPORTS FROM
BREAKOUT SESSIONS**

Global Health

Victoria Sheffield, International Eye Foundation

Now is an ideal time for the public to offer input on the GDA while in its infancy. The development environment is changing with more involvement in global health from foundations, more activity on the part of NGOs in partnerships, good corporate citizenship on the rise and a move by the

World Health Organization to bring the private sector into its work.

What can USAID do?

- Take a more active role in bringing together PVOs, NGOs and government agencies, particularly the Department of Commerce, to promote trade as well as social objectives.
- Include alliances for treatment and care for HIV/AIDS victims. USAID's goal should not be limited to prevention.
- Publicize best practices for developing and maintaining successful partnerships.
- Get public endorsements of alliances that currently exist.
- Support the formation of alliances through symposia and workshops with InterAction, Rotary Clubs and other organizations. Fund an intermediary to act as a partnership facilitator.

In any crisis, there are complex long-term issues that must be grappled with to mitigate future disasters.

What to look for when creating an alliance:

- Come up with indicators for measuring success.
- Create conflict of interest guidelines that encompass the needs of all partners, including a code of ethics, disclosure and background checks.

Economic Growth and Agriculture

Peter Reiling, ACVFA Member

Observations from this breakout session included the following advice to NGOs seeking alliances with the private sector:

- Be transparent and honest about agendas.
- Make clear what you will and will not do.

- Never underestimate what PVOs bring to the table in business partnerships.
- Always value in-kind contributions, including technology, staff and dialogue, not just cash.
- The bottom line does rule.

Recommendations to USAID:

- Work at the policy level to create an enabling environment for economic growth.
- Recognize the need to allow shared governance of joint ventures.
- Promote the inclusion of diverse stakeholders and shareholders in project consultations.
- Realize that getting cash from the private sector is not easy; develop a way to account for in-kind contributions.
- Act as the clearinghouse of best practices and lessons learned.
- Ensure that incentives are in place so that the developmental impacts of partnerships are realized.

Conflict Prevention and Developmental Relief
Herschelle Challenor, ACVFA Member

Issues focused on two questions: How can USAID improve the disaster-development continuum? What are the best ways to foster alliances?

Considerations:

- NGOs should strive to maintain impartiality and neutrality. It is important to know who you are and to identify your partners and goals.
- The four main components for sustaining alliances in conflict prevention include leadership, trust, a specific focus and resources. Resources are no good without

the first three components; if you have leadership, trust and a specific focus, resources will follow.

- The key is finding a product that is needed in a country and identifying constituents who can be helpful.
- Get the local people - the beneficiaries - working together to find the common ground.

The following were cited as constraints to alliances:

- There are different legal constraints for development and relief funds. Linkages are needed.
- Conflict prevention is heavily management intensive and requires significant human resource commitment.
- Competition and conflict may result when donors provide resources to some members in a coalition, and not to others.

Recommendation to USAID:

- Convene a conference to listen to NGOs. The agenda should include the realities in the relief-to-development continuum (is it a fallacy?); specific country and regional focuses; ways of integrating conflict prevention work into humanitarian assistance activities supported by USAID; and particular areas USAID needs to address, especially what is developmental relief and what impact will the GDA have in this area.

Final Words on GDA, Linda Morse.

Ms. Morse thanked the audience and said the meeting generated many ideas to help to refine the concept and message of the GDA. She noted that Congress, the State Department, and the Office of Management and Budget are still involved in the process of commenting on the GDA. As the elaboration of the GDA proceeds,

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USAID will :

- Look at transaction costs so the whole is greater than the sum of its parts.
- Keep in mind the issue of multiple governance.
- Develop ways to include new and small actors (including indigenous communities) that are vital to development success.
- Consider possible roles for intermediaries in alliances.
- Be aware of potential conflicts of interest. USAID has

tried to maintain technical and political neutrality in current partnerships.

- Disseminate lessons learned.
- Convene conferences, though the planners are questioning how to structure them (geographic, sector, constituency-based). Participants should email or call Ms. Morse with suggestions.

Mr. Reese thanked Mr. Natsios, panel participants, ACVFA

Members and the public for attending the meeting, and urged participants to continue to communicate their views on the GDA to the USAID staff who were present. Participants may access the GDA website at www.usaid.gov/gda/ for more information and to comment.

Participants should communicate their views on the GDA to USAID staff.

Mark Your Calendars!

Next ACVFA Meeting:

September 12, 2001

Marriott at Metro Center

775 12th Street, NW

Washington, DC 20005

This summary of the ACVFA public meeting has been prepared and distributed by the USAID Office of Private and Voluntary Cooperation in the Bureau for Humanitarian Response (BHR/PVC). The full report is available from Ms. Rhonda Fagan, ACVFA Program Assistant, 1300 Pennsylvania Avenue, NW, North Tower, Suite 700, Washington, DC 20005, 202-204-3088 or e-mail: rfagan@datexinc.com. Visit our website at www.usaid.gov/hum_response/pvc/acvfadir.html.

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Meeting Report

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