

Global Development Alliance

The Development Challenge: With the establishment of the Global Development Alliance (GDA) as one of USAID's four pillars came formal recognition of the major shift in resource flows to the developing world. In 1970, 70% of the money that went to the developing world from the United States was official development assistance (ODA); 30% was private. By contrast, in 2000, 80% was private and 20% was ODA.

There are many types of private resource flows. Foreign direct investment (FDI) and net capital markets to the developing world is the most significant at \$27.8 billion in 2000. However, these investments by U.S. private investors in the developing world fluctuate with the macroeconomic environment. In addition, they are unevenly distributed with most flows going to wealthier countries in the developing world. Personal remittances from ethnic diasporas are large and historically have been overlooked. In 2000, U.S. immigrants from developing countries sent back \$18 billion to their home countries. Family and private foundations have taken on a significant role in development. The Bill and Melinda Gates Foundation spends on a par with USAID, the largest bilateral donor, in the area of developing world health care. Non-governmental organizations (NGOs), corporate foundations and corporate giving, religious organizations and family and private foundations all contribute significant financial, human and in-kind resources. Their cash resources totaled an estimated \$11 billion in 2000. U.S. universities and colleges make a significant contribution to development through the over \$1 billion that is spent on scholarships for foreign students, many from the developing world. All of these private resource flows in 2000 dwarf the United States' Part 1 (assistance to the world's poorest countries) ODA of \$10 billion to the poorest countries and our Part 2 (assistance to those countries that are "graduates" of strict developing country status) ODA of \$2.5 billion to our allies such as Israel and Russia.

Until now, USAID has not been integrated into the wide spectrum of U.S. private activity in the developing world. The purpose of the GDA is to combine USAID resources, where appropriate, with those of others. USAID has unique strengths that it brings to any alliance: USAID has a large number of field missions, many with over 40 years in a country; USAID professionals have unique technical expertise; and USAID is the largest bilateral donor in the world. USAID's portfolio of alliances with other partners demonstrates the enlarged impacts and reach that the Agency achieves working with others for common development objectives.

The USAID Program: The GDA Secretariat, charged with mainstreaming the use of this business model within USAID, has the following objectives:

- 1) Change the way the Agency - at all levels and in all regions and sectors - defines its role and acts;
- 2) Reach out to new partners to work in concert with them and maximize collective achievements in improving the economic, social and political conditions of people in the lesser developed world;
- 3) Work with USAID's traditional partners in this changing environment to engage them in new and creative ways; and
- 4) Clearly demonstrate the commitment of the U.S. Government, through its foreign assistance programs, to address the reality of a budget that will never be enough to adequately respond and creatively gather and channel the resources of others to further this goal.

Working in alliance with others sharing the Agency's goals and objectives is not new, but it is increasingly important to maximize the use of this model in all appropriate situations. The Secretariat is a small staff with an enormous agenda. In the first year of its existence, the office prepared an alliance-builders tool kit for Agency staff to help mainstream the GDA business model; held a three-sector conference in collaboration with the U.S. Chamber of Commerce to announce clearly and broadly USAID's intent to work with the private sector and others in new ways; provided guidance to Agency staff on identifying

alliance opportunities, developing alliances and reporting them; and funded important alliance opportunities in economic growth, education, environment, and agriculture.

Other Program Elements: Across the Agency, over 80 alliances were established in FY 2002 with USAID funding totaling approximately \$385 million (of which \$200 million is dedicated to the Global Fund to Fight AIDS, Tuberculosis, and Malaria). These alliances leveraged non-federal resources on at least a 1:1 basis. The largest number of new alliances were formed in Africa (36), and the sector which received the largest amount of alliance funding was agriculture, followed by environment (including water), economic growth, and education. These alliances represent a new way of doing the work necessary to achieve results under existing strategic objectives. The first year of experience with this emphasis on the use of public-private alliances was approached in varying ways by different bureaus and operating units. The Bureau for Global Health, in fact, has been a leader in this approach and, in recognition of the GDA business model, is increasing its consideration of potential alliances. Relatively new to this way of thinking, from the USAID/Washington perspective, the Africa and the Asia and Near East Bureaus held competitions between mission proposals and allocated resources for the most promising alliances through an incentive fund. Other bureaus targeted specific sectors or previously identified opportunities. Information sharing was transparent, lessons are being learned, and the Agency is well positioned to further expand the development and success of alliances in FY 2003 and beyond.

Other Donors: The list of private sector alliance partners is extensive and continues to expand rapidly. The FY 2002 Incentive Fund was used to enter into alliances related to education (Academy for Educational Development, ChevronTexaco, Sun Microsystems), youth (International Youth Foundation), economic growth (Small Enterprise Assistance Fund), water for the poor (Conrad Hilton Foundation, World Vision, Lions' Club), quality coffee production and small farmer income generation (Coffee Quality Institute), information technology (Information Technology of America Association), and protecting forests through certification of forest products (World Wildlife Fund, Certified Forest Products Council, Home Depot).

**GDA Secretariat
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Development Assistance	2,000	20,000	30,000	15,000
Total Program Funds	2,000	20,000	30,000	15,000

STRATEGIC OBJECTIVE SUMMARY				
020-001 Institutionalizing Alliance Building				
DA	2,000	2,000	1,000	500
020-002 Public-Private Alliance Building				
DA	0	18,000	29,000	14,500

Data Sheet

USAID Mission:	GDA Secretariat
Program Title:	Institutionalizing Alliance Building
Pillar:	Global Development Alliance
Strategic Objective:	020-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,000,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$500,000 DA
Year of Initial Obligation:	2001
Estimated Completion Date:	September 30, 2004

Summary: The GDA Secretariat was established to mainstream the use of public-private alliances across the regions and sectors where USAID invests its development resources. This approach will increase USAID's effectiveness and impact through: leveraging additional non-federal resources; improving coordination of multiple, distinct strategies and programs; accessing proprietary technologies and assets to further USAID's goals; applying leading-edge management practices; and tapping a broader network of development and country expertise. Using the limited funding within this objective, the Secretariat positions resources to develop tools, perform assessments, conduct outreach, foster intra as well as inter-Agency dialog on best practices, and respond to field mission technical assistance needs.

Inputs, Outputs, Activities:

FY 2003 Program:

FY 2003 will be largely devoted to training USAID staff in the field and in Washington on the precepts of public-private alliances as envisioned under the GDA business model. The current goal is to conduct eight overseas workshops (two per region) and two in USAID/Washington. In addition, the Secretariat is devoting increased resources for assisting field missions with specific alliance issues -- assessing the country environment in terms of the availability of private sector resources, constructing alliances, managing relationships with alliance partners, conducting due diligence, and monitoring and reporting results.

Resources will also be used to further refine appropriate monitoring and evaluation systems and procedures to enable the Secretariat and the Agency as a whole to accurately report success in leveraging non-federal resources, working with new partners that share common objectives, and significantly expanding the end-results we can achieve through these inputs.

An "Access" database, to include Agency-wide alliance activities reported by individual operating units in FY 2002, will be populated and made available as a tool for missions to explore others' experiences and identify potential new partners. This database is expected to serve broader Agency reporting requirements on the numbers and types of partners we have engaged, the value of non-federal resources brought to bear on development issues, and the focus of the collaboration.

These activities are being pursued with the assistance of Management Systems International under a contract entered into in FY 2001 and expected to continue. The Secretariat has also recently entered into an agreement with Business for Social Responsibility (BSR), a non-profit organization with nearly 100 member companies who are committed to corporate social responsibility as a vital element of their business approach. USAID and BSR share interest in several specific issues such as human rights and supply chains, the extractive industries, and measuring country-level impact. USAID is supporting, and as appropriate, will participate in these initiatives to increase its knowledge and understanding and obtain useful tools developed through these activities. BSR values USAID's alliance-building efforts and recognizes the benefit the Agency can offer to corporations interested in investing in developing countries

and will provide technical assistance, share information, and identify useful opportunities for networking with potential partners.

USAID has also acquired a one-year licence to access a due diligence database created by Calvert Associates to allow the Secretariat to provide field and Washington staff with due diligence research on for-profit private sector companies. The effectiveness of this relatively new tool will be monitored to inform the future decision on whether or not to continue its use or assess other potential alternatives to meet this critical information need.

FY 2004 Program:

At present, the Secretariat is scheduled to close at the end of FY 2004. Some training and workshop activities for USAID staff may be necessary, but it is expected this will essentially be completed in FY 2003. Otherwise, efforts will generally mirror FY 2003, on a more limited and necessarily targeted scale. In addition, resources will be put toward an evaluation of the overall impact of the Secretariat's efforts and identification of need for continued dedicated staff to maintain the momentum of Agency-wide efforts and ensure the continued implementation of public-private alliances beyond the life of the Secretariat.

Performance and Results: In its first year of operation, the Secretariat prepared a practical guidebook, called "Tools for Alliance Builders" to assist Agency staff to think through this business model and apply it to their own programs. A four-part strategy for achieving the result of mainstreaming the use of public-private alliances was developed to inform our actions. An initial design for overseas workshops was created. A definitive analysis was conducted on private resource flows. Collaboration with the U.S. Chamber of Commerce on the Three-Sector Conference raised the visibility of the Agency's efforts in this area. In-reach to USAID staff in Washington and in the field, and outreach to the private sector and other traditional and non-traditional partners, began in a significant way. These tools were employed across the Agency resulting in an enabling environment which yielded over 80 new public-private alliances with significant non-federal resources being brought to bear on our development objectives.

US Financing in Thousands of Dollars

GDA Secretariat

020-001 Institutionalizing Alliance Building	DA
Through September 30, 2001	
Obligations	2,000
Expenditures	0
Unliquidated	2,000
Fiscal Year 2002	
Obligations	2,000
Expenditures	2,000
Through September 30, 2002	
Obligations	4,000
Expenditures	2,000
Unliquidated	2,000
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	1,000
Total Planned Fiscal Year 2003	
Obligations	1,000
Proposed Fiscal Year 2004 NOA	
Obligations	500
Future Obligations	500
Est. Total Cost	6,000

Data Sheet

USAID Mission:	GDA Secretariat
Program Title:	Public-Private Alliance Building
Pillar:	Global Development Alliance
Strategic Objective:	020-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$29,000,000 DA
Prior Year Unobligated:	\$2,400,000 DA
Proposed FY 2004 Obligation:	\$14,500,000 DA
Year of Initial Obligation:	2002
Estimated Completion Date:	September 30, 2004

Summary: The GDA Incentive Fund is a limited pool of resources necessary to pursue public-private alliances that further existing USAID programs and are used to demonstrate to Agency staff and the external community that the GDA business model is an effective way to extend the reach of our development dollars. These funds are targeted at gaps identified elsewhere in the Agency's alliance programming (such as information technology and education in FY 2002) and to bridge similar alliances in different regions to allow for a broader, global impact where the need exists. The GDA Secretariat, using the Incentive Fund, acts as a catalyst for the Agency's efforts in building public-private alliances but is not intended to operate as an implementing unit. As such, those alliances funded through these resources are ultimately transferred to cognizant technical officers in the field or elsewhere in USAID/Washington to manage the implementation and monitoring of activities and to nurture new relationships established through alliances to explore opportunities for additional collaboration.

Inputs, Outputs, Activities:

FY 2003 Program:

FY 2003 alliances have not been sufficiently developed at this time to describe in detail. Separate notifications will be provided for each alliance under the Incentive Fund. The Secretariat has issued a competitive solicitation to the external community seeking concept papers which further Agency-supported country and worldwide programs. This will serve as a primary vehicle for identifying opportunities to work with new partners and work with traditional partners in new ways. The goal is to find common causes and coordinate the use of partner resources to expand the impact of our limited resources. In general, alliances will be pursued in sectors similar to FY 2002: economic growth, agriculture, information technology, education, and environment. Although no official constraints exist for funding other sectors, in principle, the sectors supported through the FY 2002 Incentive Fund are critical components of USAID's strategic plan, yet have the least-available, least-flexible funding and therefore represent areas where concentrated effort building public-private alliances is essential for progress.

FY 2004 Program:

FY 2004 alliances are expected to follow the same strategy in identifying the public-private alliances that offer the most significant positive impacts for people in the developing world. Funding constraints will presumably necessitate smaller alliances across the sectors identified above, and a reassessment of the most critical sectors to focus and concentrate resources where the greatest need exists.

Performance and Results: In FY 2002, the GDA Incentive Fund supported the following public-private alliances:

Certified Forests - Major U.S. and European manufacturers and retailers of wood and wood products have made a public commitment to increase the quantity they sell which is certified as having been produced by environmentally sustainable methods. Meanwhile, illegal and environmentally damaging logging continues, and the supply of certified timber is very limited. USAID has partnered with environmental NGOs led by the World Wildlife Fund (WWF) and the Global Forest and Technology

Network (GFTN), related industry associations led by the Certified Forest Products Council (CFPC), socially responsible investment groups, timber manufacturers and retailers (such as International Paper, Home Depot and IKEA-US), and foundations in a global alliance to address these issues.

The global alliance will assist producing countries and local groups of producers and small businesses to meet certification standards and to implement sustainable forest management. These efforts will increase incomes for local communities and decrease negative environmental impacts, while expanding the supply of certified products available to U.S. consumers.

Coffee - During 2000 and 2001, coffee prices fell to their lowest levels in 30 years. Prices are now well below the cost of production for the vast majority of producers. This is causing serious hardships for coffee farmers worldwide, destabilizing developing country economies and contributing to significant social problems. The coffee crisis is most apparent in Central America, the Caribbean and East Africa, where economies are heavily dependent on coffee. The Central American countries have experienced a drop in coffee export earnings of U.S. \$1 billion over the past two years. In Uganda, revenues from coffee have fallen by 75% in recent years. The goal of the Coffee Alliance is to mitigate the crisis by supporting the development of sustainable (economically, socially, environmentally) small-farmer coffee systems. This will help to ensure a reliable supply of coffee in the range of qualities demanded by consumers.

This alliance supports the creation of a "Coffee Corp", through the Coffee Quality Institute. The Corp includes experienced U.S. coffee executives willing to provide pro bono technical assistance to producer groups. Industry's desire to work with USAID comes from its interest in helping to mitigate the social aspects of the current crisis and also from its concern for ensuring a long-term stable supply of quality coffee.

Small Enterprise Development - Latin America has made considerable economic progress in the last decade, in large part due to their commitment to private sector-led growth. An entrepreneurial class has emerged that has seized the opportunity to participate in regional and global trade, producing internationally competitive products and services and creating employment in their countries. However, growth in the private sector has been hampered by the continuing lack of investment in the region, particularly during the early stage of a firm's development. This lack of capital translates into a lack of market access, and limited growth and employment-creation potential. The small and medium enterprise segment has been particularly under-served by existing capital markets.

USAID is partnering with public and private sector institutions to address this problem by developing small enterprises through the provision of equity and technical assistance. USAID provided a grant to Small Enterprise Assistance Funds (SEAF) to establish and manage a Trans-Andean Early Stage Equity Fund. For every \$1 from the GDA Incentive Fund, at least an additional \$4 will be leveraged from other alliance partners. The Fund will invest in enterprises in a variety of value-added, export-oriented sectors such as high-quality home furnishings and other wood products from certified forests, media, distribution, information technology, and local-branded consumer goods.

Water for the Poor - The toll on human life exacted by poor quality and insufficient water supply is huge. More than a billion people do not have access to a consistent supply of fresh water, and water-related diseases kill as many as 30,000 children per day. The goal of this alliance is to improve food security, livelihoods, health, and well-being through access to clean water and an integrated approach to water resources management. Activities will be carried out in a partnership that will build on the strengths of each of the contributing institutions to ensure technical excellence, programmatic innovation, and long-term financial, social and environmental sustainability.

Alliance members include The Conrad Hilton Foundation, World Vision, WaterAid, the World Chemistry Council, UNICEF, Desert Research Institution, Winrock International, the Cornell International Institute for Food, Agriculture and Development, and the Lions' Club, all of which are bringing substantial resources, either cash or in-kind. In its initial phase, the alliance is investing in small-scale potable water supply and sanitation activities in West Africa as the entry point for an integrated approach to water resources

management. These activities will build upon past work in Ghana, but will dramatically expand both the geographic focus (to Mali, Niger and Northern Ghana), as well as the scope of the activities.

Worldwide Education - Broadly, this initiative pursues the improvement of education quality worldwide. The five-part program builds on strategies and methodologies that show promise for sustainability and have been recognized by donors, practitioners, and researchers as worthy of replication. Existing alliance partners include the Academy for Educational Development, Sun Microsystems, ChevronTexaco, the American Chamber of Commerce of Nicaragua, the American Nicaraguan Foundation, and the Asian University for Women with extended partners - the Open Society Institute and the Andrew W. Mellon Foundation.

Of the five components of this alliance, two are U.S.-based with global implications aimed at furthering the "Education for All" initiative: an education Internet portal and a matrix/diagnostic tool for measuring country progress toward education goals. The three other components are field-based with a geographic spread in Africa (Nigeria: accelerated learning for out-of-school youth), Latin America (Nicaragua: model school expansion), and Asia (Bangladesh: development of the Asian University for Women). The interventions, all directed at improving education quality for those in greatest need, specifically address youth at risk, workforce preparation, teacher education/classroom management, and gender equity and access of women to technology.

International Youth Foundation - The IYF and USAID have formed an alliance to improve the employability of disadvantaged young people in the Latin America and Caribbean region by working with the private sector for training in information and communication technology. In up to 26 countries, the program will co-finance approximately 40 locally-conceived and executed projects that will train youth in skills related to information and communication technology (ICT) and place them in jobs. On the local level, alliances among youth-serving organizations, ICT trainers, and the private sector will ensure that training is based on current and emerging employment opportunities and that the trainees are linked to jobs via internships and placement mechanisms. In addition, projects will provide work-place and social skills that employers look for and disadvantaged youth often lack. The program goes beyond traditional ones that concern themselves exclusively with technical training.

In addition, the program is designed for learning policy lessons. Discovering, strengthening and uniformly evaluating 40 sound, locally-conceived projects will give IYF and its co-investors the opportunity to identify best practices in working with youth, in training them, and in engaging the business sector in employing them. IYF will document and disseminate these lessons to those that can take them to greater scale: policy makers at the local, national and international levels, business associations, donor agencies, and foundations.

Information Technology - USAID, the Information Technology Association of America (ITAA) and the World Information Technology Alliance have agreed to work together on the shared goal of significantly improving the capacities of information and communications technology trade associations in Africa, Asia and the Near East. Achievement of this goal will enable such associations to work with host-country governments on the establishment of policy environments favorable to indigenous development.

This alliance will support technical assistance, policy reform, market access and/or capacity building in areas such as: improvement of association management through education, training and other support; enhancement of issue development and advocacy capabilities; support of appropriate mechanisms for association development and sustainability; adoption of favorable policy reforms; and improvement of linkages between U.S. and African, Asian and Near Eastern associations and their member companies.

US Financing in Thousands of Dollars

GDA Secretariat

020-002 Public-Private Alliance Building	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	15,600
Expenditures	21
Through September 30, 2002	
Obligations	15,600
Expenditures	21
Unliquidated	15,579
Prior Year Unobligated Funds	
Obligations	2,400
Planned Fiscal Year 2003 NOA	
Obligations	29,000
Total Planned Fiscal Year 2003	
Obligations	31,400
Proposed Fiscal Year 2004 NOA	
Obligations	14,500
Future Obligations	4,500
Est. Total Cost	66,000