

Data Sheet

USAID Mission:	GDA Secretariat
Program Title:	Public-Private Alliance Building
Pillar:	Global Development Alliance
Strategic Objective:	020-002
Proposed FY 2004 Obligation:	\$10,000,000 DA
Prior Year Unobligated:	\$10,234,000 DA
Proposed FY 2005 Obligation:	\$7,000,000 DA
Year of Initial Obligation:	2002
Year of Final Obligation:	2005

Summary: As a tool to initiate practical experience in alliance building, the Global Development Alliance Secretariat uses this Incentive Fund to demonstrate the Agency's commitment to identifying new partners and developing new ways of working with traditional partners. The Secretariat also uses the Fund to fill gaps in critical sectors not otherwise engaged in public-private alliance activity, and to bridge related but distinct alliances across countries and regions where a broader alliance is expected to yield significant added benefit. Field missions, regional bureaus and central bureaus are heavily involved in proposal generation, vetting, resource allocation, alliance building and implementation for GDA Secretariat funded alliances.

Inputs, Outputs, Activities:

FY 2004 Program:

The Secretariat continues to allocate resources to support key Presidential initiatives. The Secretariat also continues to apply funding toward alliances that have a significant impact on staff learning by creating, testing, and demonstrating new approaches.

FY 2005 Program:

The Secretariat will continue to allocate resources to support key Presidential initiatives and apply funding toward alliances that have a significant impact on staff learning by creating, testing, and demonstrating new approaches.

Performance and Results: In FY 2003, well over 100 new and significantly expanded alliances were funded Agency-wide with about \$250 million of USAID funds leveraging in excess of \$1 billion of partner resources, a ratio of 1:4.

Searching for operational flexibility and new ways of adapting USAID procedures, the Secretariat demonstrated one method of generating interest in alliance building by issuing a worldwide request for grant applications (annual program statement) that encouraged alliance partners to engage with USAID in innovative ways. The result was a marked increase in private sector outreach by the Agency's field missions and traditional partners (universities, development consulting firms and non-governmental organizations). Over 300 alliance proposals were received in response to this open window for new ideas. Approximately 40 of these were funded, at least in part, through the Secretariat's Incentive Fund, while some others were funded directly by missions and pillar bureaus. Following this example, at least one mission decided to include language supporting public-private alliances in all of its solicitation documents.

Among the alliances funded with the GDA Incentive Fund are:

-- Guatemala Alliance for Workplace Standards. The Secretariat has contributed \$600,000 for a partnership aimed at increasing Guatemalan companies' ability to compete for contracts with multinational firms by addressing labor-code issues. The alliance will result in the training of factory managers,

workers and auditors from up to 25 Guatemalan companies in key labor standards. USAID funding will be matched by alliance partners who include Gap, International Textile, Social Accountability International, and Development Alternatives.

-- Economic Diversification in Zambia Copperbelt. The USAID Mission in Zambia is partnering with the Zambia Coffee Growers Association, Cheetah Zambia, Kinkola Copper Mines and Development Alternatives to confront issues of rising unemployment and poverty due to the failing copper industry in the copperbelt region of Zambia. The targeted clients of the partnership will be retrenched miners, widows and women heads of households. Over an initial three-year period, alliance partners aim to work with 4,000 smallholder partners in producing high-value crops such as coffee and fresh vegetables. The GDA Secretariat and USAID Mission in Zambia are splitting USAID's contribution of \$1,000,000.

-- Global Development Alliance for Electrification, Dominican Republic. The Secretariat invested \$600,000 in a partnership with the National Rural Electric Cooperative Association to expand access to electricity in rural areas of the Dominican Republic. The alliance will increase the efficiency of local electricity agencies; assist these agencies in expanding electrification to disadvantaged areas; develop productive use of electricity in irrigation pumping and communications technologies; and design efficiently managed public and private sector institutional models. At a minimum, GDA funding will be matched by private sector resources.

-- Another heretofore little-used procedure that lends itself well to alliance creation is the Agency's authority to accept conditional gifts. Through this procedure, ChevronTexaco will provide a total of \$10 million, representing its 50% share of a \$20 million alliance to provide support and training for enterprise development in Angola. This enterprise development alliance was formed through a memorandum of understanding (MOU) between USAID and ChevronTexaco. The MOU is now becoming the basis for creation of many alliances, setting out the basic roles, responsibilities, and objectives of an alliance before funding decisions and instruments are brought into play.

An outstanding example of using financial capital to address social problems is demonstrated in a case where the GDA combined forces with the Development Credit Authority program joined with the local insurance group Home Loan Guarantee Company and South African banks to create the South Africa Housing Security Alliance. Through a loan portfolio of \$100 million, the alliance ensures access to affordable housing to HIV/AIDS-stricken South Africans by covering the costs of borrowers who may default on their housing loan payments as a result of illness. By sharing the financial risk with local lenders, the alliance enables housing lenders to increase their loan disbursements to borrowers. The alliance also allows borrowers to participate in HIV/AIDS treatment and education programs at no cost. The alliance encourages the continued participation of major banks and alternative lenders in the lower-income housing finance market, and will insure an estimated 50,000 households for persons with HIV/AIDS. The alliance approach has allowed partners to share financial risks that would have been too large for a single party to bear on its own.

Alliances strongly support the objectives of a number of Presidential initiatives, such as the Africa Education Initiative, the Clean Energy Initiative, the Water for the Poor Initiative, and the Initiative to Prevent Illegal Logging, as well as the trade initiatives in Central America and Africa.