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**A Practical Framework: Ten Steps for
Analyzing and Integrating Public-Private Alliances
Into USAID Strategic Planning**

Michelle Adams-Matson
Colette Claude Cowey
Management Systems International
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INTRODUCTION AND SUMMARY

This document provides USAID field managers with practical guidance on:

- How to identify and analyze opportunities for creating public-private alliances according to USAID's Global Development Alliance (GDA) business model; and
- How to integrate alliance building into the strategic planning process.

A step by step format leads a manager through the analytic and strategic planning process from beginning to end. Each section provides ideas and approaches grounded in experience on how to complete that step. A busy manager can go to the section that is most relevant and adapt those ideas to the Mission's individual needs. **Table 1 on page 4 summarizes the ten steps of the Framework.**

Strategically focused alliances can leverage significant resources and facilitate development achievements beyond what USAID may be able to accomplish alone. Lessons from alliances between the corporate and not-for-profit sectors form the basis for this approach. However, some alliances are likely to be more effective than others; not every circumstance and partner will be suitable to a GDA approach. The Framework recognizes that fact and is intended to help Missions determine the most effective way to integrate alliances into the Mission's portfolio.

The reader is strongly encouraged to consult GDA's companion document, *Tools for Alliance Builders*, for detailed information on alliance design and implementation issues. *Tools* can be found on the GDA website, www.usaid.gov/gda.

A. *What is an Alliance?*

An alliance is an agreement between two or more parties to jointly define a development problem and jointly contribute to its solution. Alliance partners share resources, risks, and rewards in pursuit of a development objective that can be better achieved working together. The purpose of a public-private alliance is to bring about greater development impact through the combined strengths of multiple partners to address a development problem. The driving force is the recognition that each party is able to provide significant resources that the other does not have and that together the parties can achieve greater value, more efficiently, than they could on their own. USAID's guidelines for the GDA model currently require a minimum one-to-one matching of resources with all alliance partners combined; in addition, the partners' joint share must include non-public resources at least equal to 25 percent of the USAID contribution. Host country governments and other official foreign aid donors are welcome members of alliances, but the key is to engage private sector talent and know-how.

B. Benefits of Alliances

Leveraging funding is an important benefit, but may not necessarily be the primary consideration. Other benefits include access to markets, technology and special skills, fresh ideas and innovation, broadening access to key host-country decision-makers, and increased efficiency in achieving development results as a consequence of all the above. In addition, since program risks are shared by all the partners, this adds incentive for all partners to put in the necessary time, effort, and resources to ensure success.

Each partner will define the value of the partnership in its own way, based on its organizational mandate and priorities. The bottom line is that partners must generate and exchange significant value, however defined, in order to cement their mutual commitment to the alliance and its sustainability.

C. Potential Risks:

Alliances require USAID to relinquish some degree of control and to adjust its role, from managing government resources to managing relationships – from implementer to catalyst, convener, and dealmaker. They require collegial decision making and negotiation to ensure that both USAID's and its partners' agendas are addressed. A related point is that USAID must depend on partners to deliver important components of a program. This is clearly an incentive for frank communication and careful analysis and planning at the outset, so that all partners fully understand and accept each others' programmatic needs and performance capabilities. Finally, alliances may require substantial coordination and planning time from senior management during the start-up phase, a reflection of the need to build trust and confidence in order to achieve the right atmosphere for strong collaboration. As USAID gains more experience with alliance building, many managers have found that initial investments of time and effort in building relationships have enhanced the effectiveness of development programming.

D. Characteristics of Successful Alliances (Alliance Precepts):

The following characteristics will be present to a greater or lesser degree in successful alliances:¹

- Joint definition of the development problem and its solution by all partners;
- Agreement between the partners to share resources, risks, and results in pursuing their common objective
- Looking for innovative ways to get the job done, including bringing in new partners
- Leveraging significant resources (financial, in-kind, technology, intellectual property).

¹ USAID, The Global Development Alliance, Tools for Alliance Builders, 2003

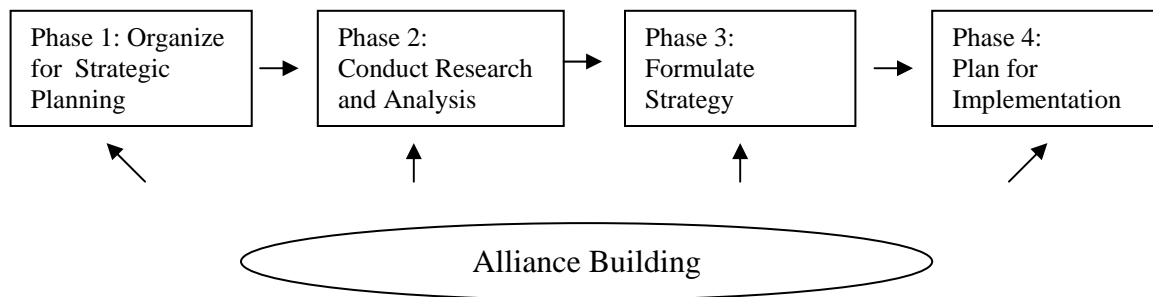
E. Other Resources on Alliance Building:

The GDA Secretariat has developed “*Tools for Alliance Builders*”, a document which provides more in-depth information on alliance design and implementation issues, including due diligence, and examples of alliances. In addition, the GDA website (www.usaid.gov/gda/) offers substantial information on alliance building in the USAID environment, including a section on “frequently asked questions”. This Framework for strategic planning should be considered a companion piece to these other resources.

F. The Critical Path for Integrating Alliance Building into Analysis and Strategic Planning

Figure 1 below illustrates the four key phases of any strategic planning process. Alliance building issues are relevant at each phase, and are organized into ten steps, summarized in Table 1 and addressed in greater depth in the following pages. While this framework is comprehensive, it is also suited to those whose needs are limited to certain aspects of the planning process.

Figure 1: The Strategic Planning Process



[Please turn the page for Table 1, which summarizes the ten steps of this Framework.]

Table 1

TEN STEPS FOR ANALYZING AND INTEGRATING PUBLIC-PRIVATE ALLIANCES INTO STRATEGIC PLANNING

Phase I: Organize and Plan for Developing the Strategic Plan

Step 1. Consider where and how alliance building might be addressed in the planning process.

- as a central strategic focus, for example in a closeout program
- on a sector (e.g., agribusiness) or sub-sector (e.g., dairy-based agribusiness) basis where the private sector may have commercial interests compatible with the Mission's development objectives
- on a cross-cutting basis (e.g., girls'/women's empowerment, youth employment)
- in an opportunistic fashion, positioning the Mission to respond to expressions of interest from the private sector

Step 2. Collect planning information.

- review results of comprehensive portfolio review (completed prior to strategic planning)
- identify existing background studies and reports dealing with development drivers in-country, profile of foreign investment, potential partners, host country policies and priorities, other donor programs, etc...
- identify the principal for-and non-profit entities operating in-country that might be interested or have something to offer

Step 3. Identify options for how and when to engage potential partners.

- convene meeting(s) under USAID or Embassy umbrella or use other venues (e.g. local Chamber of Commerce)
- deal with large (cross-cutting) or small (issue-specific) group
- combine for- and non-profit entities, or deal with them separately
- structure opportunities to elicit, listen to, and absorb/reflect potential partners' agendas, priorities, and ideas; distinguish between resource partners and implementation partners
- hold consultations during planning, analytic, or strategizing phases (or all of the above)

[Missions may decide to prepare a concept paper for USAID/W review at this point, or hold equivalent consultations.]

Phase II: Conduct Research and Analysis

Step 4. Determine additional information needs (stay focused on the principal questions and be clear about analytic objectives).

- understand the country context, conduct private sector mapping if needed
- explore issues such as the profile of foreign direct investment in-country, the special development interests of local non-profits and their capacity to engage in alliances, host country views on public-private alliances, etc..
- conduct preliminary due diligence on promising partners
- complete existing sector or sub-sector information with a diagnostic on alliance prospects in this area

Step 5. Determine what alliance building issues must be addressed in the analysis.

- in what areas of the Mission's portfolio would alliance building be most effective and why
- what alliance opportunities offer the greatest prospect of advancing development objectives
- what are the advantages and risks of these alliance opportunities in the host country context
- what priorities emerge from the analysis

Step 6. Incorporate analytical objectives and questions into explicit statements of work and conduct the research and analysis (by contract, or in-house).

Phase III: Formulate the Strategy

Step 7. Synthesize analysis and prioritize alliance options in the context of overall planning parameters

- identify which alliance opportunities are best suited to the overall strategic plan, on the basis of comprehensive planning parameters including budget and staffing guidelines; re-order analytic priorities, if needed
- make the case for an exceptional opportunity or justify why alliances may not be appropriate in some cases

Step 8. Decide how alliance building should be integrated and presented in the strategy document

- is alliance building best addressed as a cross-cutting or a sectoral element?
- will an alliance be presented as an implementing tool, an intermediate result, or other options?
- integrate key details into the Results Framework narrative as appropriate

Step 9. Determine how alliances will be addressed in the performance management system.

Phase IV: Plan for Implementation

Step 10. Clarify how alliances will be created, funded, and managed.

- demonstrate an understanding of the probable partner roles/responsibilities, financing mechanism(s), and potential USAID procurement needs for each alliance;
- alliances are formalized through:
 - * a negotiated Memorandum of Understanding (consult both legal and procurement officers); USAID competitive procurement mechanisms may be used after alliance creation to manage and implement activities as needed; or
 - * a USAID grant or cooperative agreement, including grant to an International Organization
- be aware of senior management time requirements, especially at alliance start-up; adopt a collaborative management style with resource partners

I. PHASE 1: ORGANIZE AND PLAN FOR DEVELOPING THE STRATEGIC PLAN

Step 1: Consider Where And How Alliance Building Might Be Addressed In The Overall Strategic Planning Process

One of the first steps in developing a strategic plan is to organize and plan how the overall process will unfold. Most Missions develop a workplan or schedule that outlines key tasks, due dates and responsible staff for each task (see Annex A for an example). At the outset, most Missions will likely only have a very general idea of how alliances may fit into the program. The workplan may be adjusted as the process unfolds and more is learned about how alliances fit into the Mission's strategy.

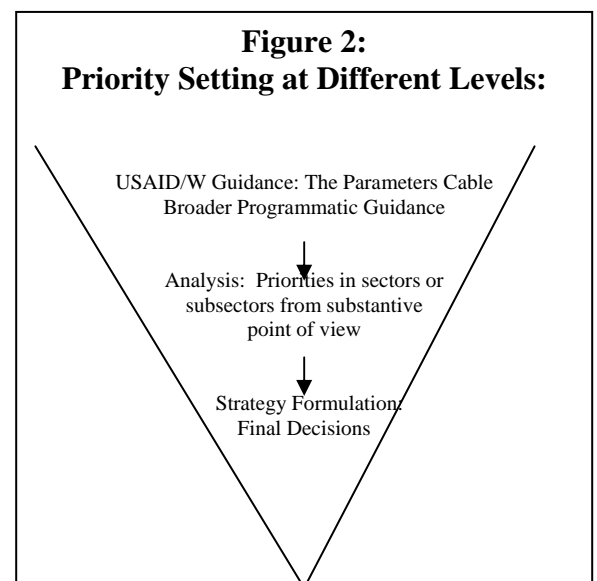
In considering at what phase or step in the process to address alliance building issues, each Mission or operating unit will need to briefly assess its particular program implementation context. Is the operating unit starting from scratch, with limited information on alliance prospects and potential partners, or does it have more experience in this area? During this preliminary stage, the Mission may consider different approaches for incorporating alliances:

- As a central focus of the strategy – as might be the case for a closeout program, where the purpose would be to find partners able to sustain USAID investments
- On a sectoral or Strategic Objective (SO) basis
- On a cross-cutting basis to promote linkages between Mission activities related to issues such as governance, conflict, human capacity development, gender, youth
- In an opportunistic fashion, positioning the Mission to be able to respond to expressions of interest from the private sector.

The chosen approach will affect the type of consultation (Step 3) and research and analysis (Steps 4 and 5) to be undertaken.

This process issue should not be confused with decisions on how and where alliance building will be presented in the strategic plan itself (the focus of Step 8). As discussed in that section, choices might include using alliances strictly as implementation tools, or giving them a higher profile as objectives in the Results Framework.

Strategic planning is also a process of establishing priorities (see Figure 2). Priorities will emerge at a number of levels and will be narrowed as the process continues. At the highest level, the parameters cable from USAID/W establishes broad priorities, identifying the sectors that the Mission may explore in the course of the planning process. Analytic work should propose



priorities from a substantive point of view. For example, an analysis of alliance building should propose priorities among or within specific sectors or among groups of potential partners. Finally, the Mission must make final decisions on what priorities are proposed in the strategy, incorporating other realistic considerations, such as organizational constraints, interests and resources. As a result, priority identification will reemerge in several phases of the strategic planning process.

Step 2: Collect Planning Information

USAID's strategic planning process is generally preceded by a comprehensive review of the mission's portfolio which highlights programmatic strengths and weaknesses and may also point to constraints and opportunities in the operating environment. This review is a valuable basis for identifying information gaps and research needs for strategy development.

In addition, the Mission should seek out existing studies and reports (its own as well as those conducted by the host government, other donors, or other development actors) that deal with key development issues, policies, and priorities, especially those fundamental constraints and opportunities sometimes referred to as "development drivers". In the context of public-private alliances, the country's foreign investment profile and the characteristics (who's who, where do they operate, who do they hire, what are their strengths and weaknesses) and role of the local private sector are issues that previously might have been given only passing reference in an economic background overview. Some of this information might be available from an Embassy's commercial section.

The GDA Secretariat can provide information on private sector partners engaged in alliances in sectors of interest in other countries, as well as assistance on conducting due diligence when interesting prospects are identified. The internet is also a valuable source of information on large corporations as well as on alliance building. To fill information gaps, Step 4 below discusses the research phase of strategic plan development.

Step 3: Identify Options For How And When To Engage Potential Partners.

A. Overview: The Mission should take a strategic approach in conducting stakeholder consultations, to identify who should be contacted, how discussions will be handled, when and how it is most appropriate to obtain feedback and to conduct due diligence, and at what levels discussions should take place. Several general principles are worth noting.

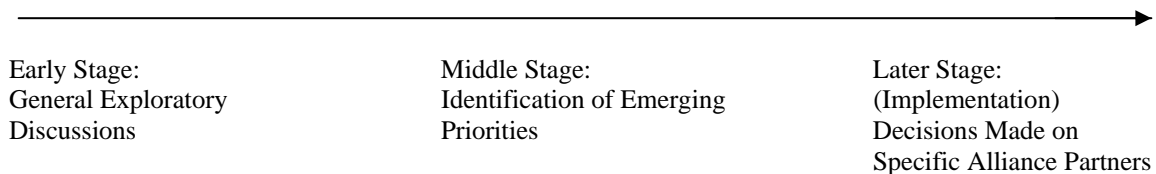
First, while broad consultations with stakeholders, including customers, beneficiaries, or other USG agencies, are an integral part of USAID planning processes, in the case of alliance building it is useful to keep in mind the distinction between those who may become alliance resource partners and those who are or may become implementation partners, receiving USAID funds to implement alliance activities. Particular care needs to be taken with the latter group, to maintain an open and competitive procurement environment.

Second, it bears emphasizing that consultations focused on identifying and selecting alliance resource partners should be carried out in an open frame of mind, with the expectation and willingness to adjust the Mission’s initial thinking based on listening to and understanding potential partners’ objectives, priorities, and concerns.

Finally, there is no question that the consultation process is an iterative, rather than linear one, and takes place throughout strategy development and beyond. Consultations may be followed by research and analysis (Steps 4 and 5), leading to further consultations that might either expand or contract the set of partners, explore new issues, or narrow a set of issues for discussion in greater depth. The options and ideas presented here are grouped for convenience of presentation.

B. Options for consultation: During the early phases of strategic planning, consultations are usually general and exploratory in nature, aimed at getting to know the key players, their areas of operation, and their interests. At this point, it is important to use a broad brush approach, inviting a variety of potential alliance partners to the table for discussions. Brainstorming and generating ideas without judging them are the norm. During the middle and later phases of strategic planning (e.g. after analyses are complete and/or when the strategy is being formulated) particular priorities may emerge among SOs or in terms of potential partners. The appropriateness of continuing to share information may vary, depending on whether discussions are with resource partners or with implementation partners. However, it is often not until the implementation phase, after strategy approval, that actual decisions are made on specific alliances. Figure 3 demonstrates this point:

Figure 3: Stages of consultation with potential alliance partners



This approach will assist Missions in avoiding organizational conflict of interest (OCI) issues or any perception of unfairness. In brief, OCI restrictions do not apply to discussions regarding concepts, ideas and strategies or the stage prior to identifying possible implementation instruments. For further information on OCI, go to the “Frequently Asked Questions” section of GDA’s website (www.usaid.gov/gda/). In addition, the Supplementary Reference to ADS 201 and 202, *Legal and Policy Considerations When Involving Partners and Customers on Strategic Objective Teams and Other Consultations*, discusses what constitutes OCI and what restrictions must be placed on partners to avoid it.

- **Consultations to Explore Alliance Opportunities:** Preliminary contacts with potential alliance representatives should be made early on in the strategic planning process. The Mission should go into these meetings with a well-

articulated (though preliminary) vision of its alliance objectives and with an attitude of “open minded inquiry” and brainstorming. Possible approaches might include the following:

- Take advantage of scheduled business meetings (of a local Chamber of Commerce, or social service organization such as Lions or Rotary Clubs) to make a short presentation. Use this opportunity to outline USAID development priorities and initial thinking on possible areas for alliances. In this type of forum, it is critical to identify the potential benefits USAID can provide to potential alliance partners. Such a presentation would normally be done by senior management to establish credibility.
 - Conduct a half day session with local trade associations, NGOs, others, to explain USAID’s program and gauge interest in preliminary strategic areas.
 - Convene a public meeting or round table event with a large number of local/expatriate firms as well as local NGOs and current implementing partners. Embassy and/or government counterparts might be helpful in organizing such an event. USAID could then outline its thinking on development priorities, what it wants to accomplish, where it would like to further explore alliance opportunities, and potential benefits. Senior officials should be invited to such events.
- Consultations on the Strategy More Broadly: The Mission may plan one or more consultations on the broader Mission program. These consultations provide an opportunity to integrate alliance building issues into discussions and to obtain new ideas from other development partners on potential alliances as well. Such consultations may take place early on in the strategic planning process to explore general ideas and/or learn more about what the priorities and interests of other partners are, or later in the process after a draft strategy has been developed. These types of discussions are often led by the Mission Director, Deputy Director and/or Program Office. Participants may include host country government officials, other donors, other relevant USG agencies, and implementation partners.
- SO Team Consultations: At another level, it may be more appropriate for SO teams to consult with partners in more depth on a particular sector. Again, exploration of alliance possibilities can be included in these discussions. SO teams may conduct sessions, bringing in a variety of partners, to discuss strategic directions.
- Individual Staff Member Consultations: Most Mission staff build up relationships with key counterparts. In some cases, it may be most appropriate to have discussions on a one-on-one basis with key partners. One advantage in using this approach is that it may allow the individual to explore issues that are more directly relevant to an individual and in greater depth. However, care should be

taken to ensure that those discussions are general in nature and are not exclusive to one individual or group(s).

Following consultations it is important to evaluate the feedback obtained and determine whether and how that feedback will influence the strategy. Missions must remain open to modifying their initial thinking to take advantage of alliance prospects and must remain open to weaving partner concerns and priorities into their planning as the alliance relationship progresses. Mission staff should also follow up with partners so that they remain engaged and aware that their input is being considered as a part of the process.

C. What level of engagement is necessary and sufficient? As with any business dealing, seriousness of purpose is frequently judged by prospective partners by the level of contact – at least at the outset. For most organizations that would participate in an alliance, at some point contact should be made at the organization’s highest level in-country, by the USAID Mission Director. For international corporations, foundations, or NGOs, additional assistance could be requested from the GDA Secretariat if necessary. Organizations that are already committed to building alliances may have such a function built into their staffing pattern. Later on, as relations develop, it will be appropriate to delegate much of the alliance-building responsibilities to SO teams. However, care should always be given to the level of representation in order to maintain credibility.

D. What do partners look for? Partners seek many of the same traits that the public sector would seek, such as: trust and confidence at the highest levels, efficiency (in terms of resources and time), clarity of purpose, well-defined lines of communication, and accountability for results. On the technical side, partners look for innovative ideas, demonstrated technical expertise, likelihood of project impact and sustainability, and project management capacity.

II. PHASE 2: CONDUCT RESEARCH AND ANALYSIS:

The Mission should conduct research and analysis strategically in areas where further information is truly needed to make decisions about how to structure and/or where to focus the program. The outcome of the analytic phase should be to determine whether alliances could be an effective way of addressing development problems and to identify priorities. Thus, it is critical that analysis provide a clear picture of realistic programmatic options and priorities. In some cases, the Mission may already know that alliance building is less relevant for some SOs than for others. In those situations, analytic work should be focused on the areas of greatest potential. Annex B provides an overview of the different programmatic levels, purposes, and approaches that might be considered for conducting analysis.

Step 4: Determine Additional Information Needs.

Preparing a new strategy offers an opportunity to look at the Mission’s past (and proposed new) objectives in a new light – in the case of alliance building, the prospect of adding significant private sector resources should be a motivating force. Step 4 deals

with research and with getting ready to analyze the relevant information. The following questions may help fine-tune the focus:

A. What is the type and purpose of the analysis? A clear understanding of what the Mission would like to accomplish (Step 1) is essential. For example, does the Mission want to decide on alliance opportunities country-wide? In a specific sector or sub-sector? Does the Mission need to define and understand a particular problem, such as low girls' enrollment in secondary school – and whether a public-private alliance could mitigate the problem? Or perhaps the issue is to complete existing technical information on environmental issues with a diagnostic on whether an alliance could help achieve stronger results.

B. What is the country context? For example, if country conditions are particularly unattractive to the private sector, it may not be the right environment for alliance building with those types of partners. Corporate partners must be able to achieve a financial return or significant non-financial benefit to justify an alliance. The questions below highlight some issues that might be explored:

- Does the Mission need a basic but comprehensive understanding of the private sector's role in the local economy, such as might be provided by a private sector mapping effort?
- What is the profile of foreign direct investment in the country? Does the private sector have actual or potential interest in investing here? What are the profit-making opportunities? Is the legal/institutional/regulatory climate amenable (including financial sector, as appropriate)? What are the major risks and opportunities?
- How is the notion of corporate social responsibility understood by local and foreign firms? That is, are they willing to invest resources or effort for other than profit, such as goodwill, enhanced reputation, improved business environment, etc.?
- What are the characteristics of the non-profit private sector (including foreign organizations)? Are there foundations with special interests in this region or country, or in the development problems faced by this country? Are there communities in the US with special ties to this country which are interested and able to raise substantial private resources to address development problems there?
- Would any local NGOs be good alliance partners? Do they have independent sources of funding or access to other local resource partners?
- Are there other (non-US) public or private/non-profit sector actors who might be interested in participating in an alliance?
- How might the host government react to a strategic alliance?

C. What depth of information is necessary? Try to avoid information overload. At this stage, the issue is not (yet) to create an alliance, but to get a sense of whether a public-private alliance can be an effective tool for addressing development problems. Get the information that's essential to cover the context and the "who, what, where, when, how, with whom" questions. Information needs depend to some extent on the Mission's

starting point (see Steps 1 and 2) and whether the Mission will be dealing with an organization or group that it is familiar with, or whether the prospective partner(s) is an unknown, unfamiliar quantity. As with partner consultations, the analytic process is generally an iterative one, with answers to preliminary questions leading to the need for further investigation.

In examining potential areas of involvement, Missions should seek out best practices of similar existing alliances elsewhere. The GDA Secretariat and technical staff in USAID/W's pillar and regional bureaus can be helpful, as there are now a critical mass of alliances that can provide useful lessons. Through its access to the electronic *Inter-Agency Corporate Information Tool (ICIT)*, the Secretariat can provide due diligence information on thousands of companies. The Due Diligence Guide annex to the Secretariat's *Tools for Alliance Builders* contains suggestions for approaching this topic. As noted in Step 2, the internet can also be a valuable source of information on large corporations as well as on alliance building.

Step 5: Determine What Alliance Building Issues Must Be Addressed In The Analysis

The outcome of the analytic process should be to identify where in the portfolio alliances can be the most effective way of addressing development problems. A set of systematic questions and/or issues is helpful in framing the analysis and differentiating between various prospects. Figure 4 (on page 15) presents a diagram of the analytic process.

A. In what areas (i.e. sectors or potential SOs) would alliance building be most effective, and why?

Option 1: Not Appropriate for Some Sectors: After considering the evidence, there may be some clear reasons that alliances would not be well suited in a particular sector. If this is the case, the Mission should be prepared to discuss these issues and/or provide its rationale. However, it is also important to note that alliances have sometimes emerged in unlikely places, so care should be taken not to shut down the exploratory process too soon.

Option 2: Maybe. More commonly for Missions just starting out in alliance building, there may not be enough information at this juncture to make a decision. If this is the case, then some of these issues should be carried forward into the next stage of the analytical process and further investigated.

Option 3: Yes. The Mission may have experience with alliance building or other forms of partnering and may have a sense of where opportunities exist. In this case, the broader issues may be clear but more detailed and focused analysis might be necessary to lead to strategic decisions.

B. What alliance opportunities exist?

- Are there potential resource partners in areas that interest USAID and/or the host country? What are their characteristics (type of firm/product/service, size, area of operation, etc)? Which partners have particularly attractive capabilities?
- How do partner characteristics correspond to USAID program priorities? For example, do potential partners and USAID deal with a common group of people in country? Are there other areas of program overlap?
- Would collaboration with one or more of the potential resource partners contribute significantly to advancing development objectives? Is the Mission considering objectives that can be more effectively accomplished with assets commonly offered by the private sector (such as market access or distribution networks, proprietary technology, specialized equipment, management skills)?
- To what extent might USAID adjust its initial thinking in order to accommodate alliance opportunities by weaving resource partners' priorities into the strategic planning process?
- Do potential partners have a compatible organizational culture, in terms of openness, transparency, fairness in soliciting participation? What's the best way to approach them? (large group, small group, individually)?
- What does USAID have to offer? What would be key selling points for an alliance with USAID, from the partners' perspective? The GDA Secretariat has considerable experience in assessing what the private sector values and could help Missions make their case, if desired.
- What are the advantages and risks of an alliance from programmatic, financial, management points of view, among others?

C. What options and priorities emerge?

During the strategy formulation phase (Steps 7 and 8), the Mission will need to reassess the priorities identified in research and analysis, as it looks across a sector or the overall Mission portfolio. However, having a preliminary sense of priorities from an analytical point of view can greatly facilitate that process. Missions will proceed at different rates; some may have further detail on potential alliances at this point than others. At a minimum, the following issues should be addressed:

- □ Which sectors or groups of partners emerge as priorities and why?
- Which partners have particularly attractive capabilities and/or resources that would have a significant impact on a development problem as well as complement USAID's programs and needs?
- □ What next steps might the Mission follow to move toward implementation?

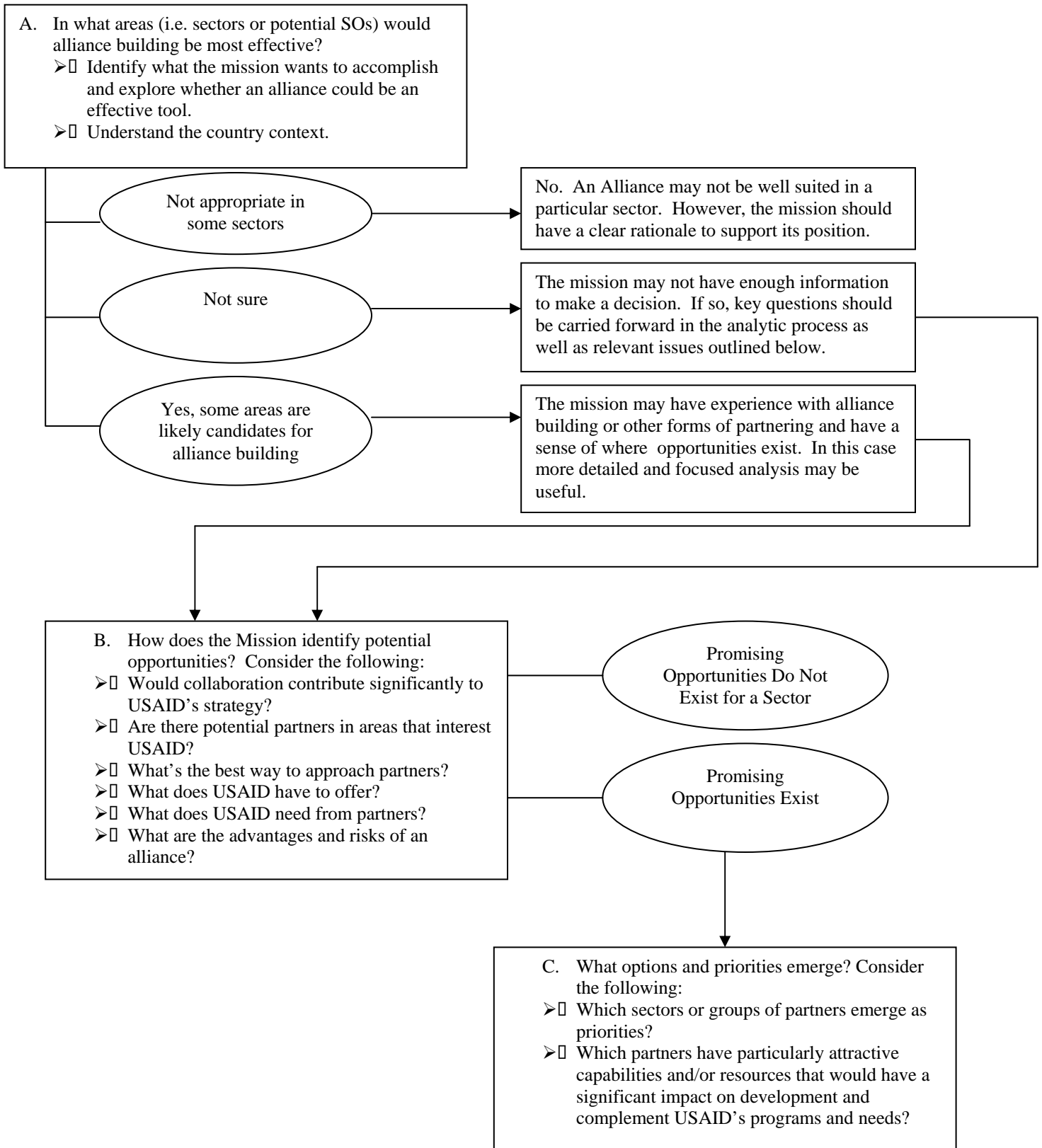
Step 6: Incorporate Analytical Objectives And Questions Into Explicit Statements Of Work And Conduct The Research And Analysis.

Mission staff should clearly define and focus the objectives of and criteria for the analytic work. When objectives are ambiguous or overly broad, the analysis will tend to provide

less relevant and/or direct information for managers. At this stage, it is also important to work with Acquisition and Assistance personnel if solicitations (Task Orders, RFPs) to conduct the analysis are to be issued. Alternatively, analysis can be conducted in-house.

The results of analytic work may well lead to a need for further consultations with partners, and several iterations of this feedback loop are likely to be required to achieve a final determination on alliance selection. But this determination, which is in effect an implementation decision, does not have to be made (and sometimes should not be made) before the general strategic direction is set. Again, each Mission's situation will be different.

Figure 4: The Analytic Process for Identifying Promising Alliances



III. PHASE 3: FORMULATE THE STRATEGY

Step 7: Synthesize Analysis And Prioritize Alliance Options In The Context Of Overall Planning Parameters

The priorities proposed in analytic work will facilitate the decision making process within the Mission. However, it is important to understand that "...an optimal strategy from an analytic standpoint is not necessarily optimal from a practical one."² Once analyses are complete, the Mission must make final decisions on how to incorporate analytical recommendations in light of a set of other factors that govern the Mission's operations.

To make these decisions, the recommendations coming out of the analysis phase are considered in the context of foreign policy priorities and the Mission's comparative advantage and expertise in certain program areas, organizational priorities, and available resources (e.g. staffing and expected budget). It is important to reiterate that at this juncture, the Mission is not yet expected to make final decisions on alliance partners but rather be able to identify its priorities for alliance building in the context of the planning parameters. As the strategic plan is drafted, it may be appropriate to discuss the alliance selection process and the various reasons for which analytic recommendations were or were not adopted. It may also be appropriate to make the case for an exceptional opportunity that might require amending planning parameters.

Step 8: Decide How Alliance Building Should Be Integrated And Presented In The Strategic Plan.

Once various analyses are complete and the opportunities prioritized, it may become clear whether alliance building should be addressed as a cross-cutting element in the portfolio or whether it should be addressed within the context of each sector. Another decision deals with the level at which alliances will fit in the strategic plan: as activities, intermediate results, or even strategic objectives in their own right.

A. Determine whether alliance building is best addressed as a cross-cutting or a sectoral element .

➤ □ Cross-Cutting Approach: If common themes emerge across sectors, the Mission may choose to identify a cross-SO team or an individual to work with the each of the SO teams to address alliance building. This requires knowledgeable team members who can assist SO teams in addressing alliance building issues. This individual (or team) should have experience with alliance building, access to sources of information, establish contact with others (e.g. the GDA Secretariat) with experience in alliance building, and would ideally become a repository of information to the mission more broadly. An advantage of this approach is that it may contribute to strengthening linkages within the program, for example between community development and environmental protection or access to health services, as well as

² Center for Democracy and Governance, *Conducting a DG Assessment: A Framework for Strategy Development*, 2002, p. 53.

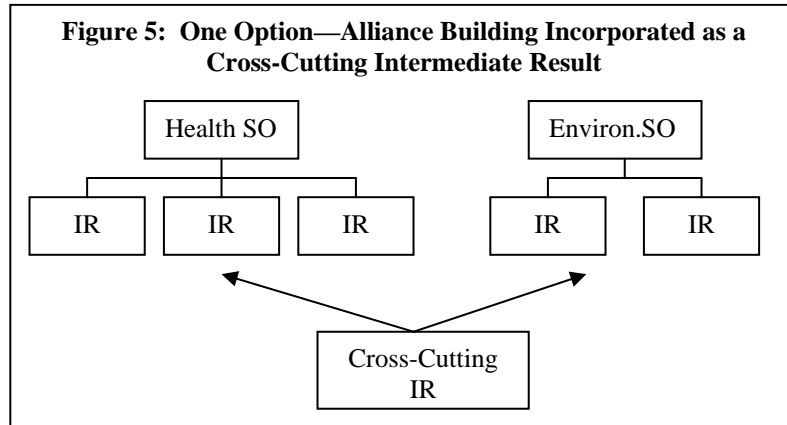
highlighting issues of overarching concern such as HIV/AIDS, conflict prevention, women's empowerment, or youth training and employment to name just a few.

➤ **Sector (or SO) Approach:** The Mission may find that alliances are of greater priority in some SOs than others. In this case, it may be more appropriate for each SO team to address alliance building within its particular context. It may also make more sense to focus attention on higher priority SOs rather than attempting to address the issue with equal importance across the portfolio.

B. Determine how to present alliances in the strategy. A Mission has a number of options for presenting its alliance proposals. The final choice should be based on the context, needs, priorities and logic of each Mission program. Alliance building is generally viewed as a tool to accomplish other objectives; however, there may be some instances where it makes sense to incorporate it as a full-blown objective. These options are described below:

- **Narrative Discussion:** While results frameworks are extremely useful in representing a strategy and the causal linkages between objectives in a simple way, they do have limitations. They do not show priorities, overall sequencing, and they are not designed to explain how the strategy will be implemented or to identify the tools that might be used. In some cases, important program elements, like alliance building, may not appear in the results framework at all and are better addressed in the narrative of a strategy. This is consistent with the concept that alliance building is a tool to accomplish development objectives. This is likely to be the most common way in which alliance building would be addressed.
- **Program Support Objective (PSO):** Although less frequent, there may be some situations where a particular program element may be so critical to the accomplishment of a strategy, that a separate objective is warranted. For example, there may be some countries where the private sector has significant influence and/or brings substantial resources to address development issues in country or in a sector compared to USAID. As a result, building an alliance may be a critical aspect of accelerating the achievement of development objectives. For alliance building, this would likely take the form of a PSO³, because by definition, such an objective contributes to the achievement of the other SOs that represent the development impact that is sought.
- **Intermediate Results (IR):** If alliance building is a necessary intermediate objective toward accomplishing a strategic objective, it may be useful to develop a cross-cutting intermediate result (i.e. an identical objective that contributes to relevant SOs across the portfolio). Figure 5 demonstrates such an example. A

³ A Program Support Objective contains activities being implemented exclusively to support the achievement of other strategic or special objectives in one or multiple operating units. The results of the activities under a PSO should be visible through and attributed to another Strategic or Special Objective. (ADS 201.3.7.10).



cross-cutting IR might be: “Leverage More Financial Resources” or “Expand/Improve Key Alliance Partnerships”. A second alternative is to include a specific alliance related objective under each SO. This allows each team to tailor the objective as is appropriate to the SO.

- **Special Objective (SPO):** In certain cases alliance building might be presented as an SPO⁴. This modality is suited to opportunistic, time-limited activities. If selected, the SPO probably would encompass an area that is experimental or exploratory in nature or possibly in response to a short term crisis situation. This may be an appropriate avenue for a Mission seeking to develop a long-term relationship with a private sector partner that potentially has a key role in the country’s development, but where both USAID and the partner are new to alliances and want to undertake some activities jointly on a small-scale to build trust and try out collaborative management approaches before tackling more challenging or riskier joint ventures. It could also be a way of organizing cross-cutting support and strengthening program linkages throughout a portfolio.
- **Strategic Objective:** In general it is unlikely (and not recommended) that alliance building would rise to the level of a strategic objective, since an SO represents a major area of strategic investment for a Mission in terms of staffing and funding. However, where a Mission is planning a closeout strategy, an objective of alliance building may be well-suited to consolidating and maintaining a legacy of development achievements.

How can alliance building affect other SOs? As a tool for achieving development objectives, alliance prospects may influence the selection of one strategic focus over

⁴ SPO’s are expected to be small in scope relative to the total portfolio. Special Objectives should meet at least one of the following criteria: represents a response to a legislated earmark or special foreign policy interest beyond what is described in the Agency Strategic Plan or that does not contribute directly to an Operating Unit’s Strategic Objectives, is exploratory or experimental in nature such as the development of a new program area, is research and contributes to the achievement of an Agency goal, responds to an emergency or short-term post-crisis stabilization effort, such as when an interim Strategic Plan is indicated (ADS 201.3.7.9).

another if additional resources are available for work in one area and not another, and both are otherwise comparable in importance to a country's development. Alternatively, the Mission may raise performance targets to a higher level than would otherwise be possible, or accelerate the accomplishment of objectives, because of the availability of additional, leveraged, resources for that objective.

What do USAID/W reviewers expect? A Mission strategy that incorporates alliance building should propose general priorities either among partners, groupings of partners or across sectors in the portfolio. Some Missions may even be able to provide a list of illustrative alliance partners. If alliance building is not incorporated in a particular sector (or SO), then the Mission should be able to provide a rationale for this decision. It is understood that further detailed decisions on specific alliance partners and implementation mechanisms may not be known until the implementation phase.

Step 9: Determine How Alliance Building Will Be Addressed In The Performance Management System.

Monitoring and evaluation criteria should be established with alliance partners at the appropriate time. Identifying this expectation up front is an important part of the alliance building process. If USAID funding is involved, Missions should manage those funds and report on their use, as with any activity. Missions normally have one year from the time of strategic plan approval to finalize these criteria.

Agency reporting: Beginning in FY 2004, the GDA Secretariat has begun to track alliances Agency-wide, using an electronic template distributed to Missions in December 2003. Missions have been requested to complete relevant fields and submit the information via email. The major fields include, but are not limited to: USAID and partner participation and funding information, short discussions of program strategy, objective of the alliance and relevance to strategic objectives, and partner descriptions. The resulting database will demonstrate the plethora of alliance activities in the Agency and will be of interest to all Operating Units.

Monitoring for Mission management purposes: The way alliances are integrated into the strategy will influence how they are handled in terms of performance management.

- **The Basic Approach:** If alliances are incorporated solely as a tool, among others, to accomplish other SOs, and do not appear as an objective in the results framework, then a few basic process indicators may be adequate (these represent the most basic data that any manager would need to track). However, the contribution of alliances toward higher level results must still be captured, as stated in Measuring Results, below. Examples of process indicators are:
 - The number of alliances implemented
 - Dollars leveraged through alliances

- Alliance Building as an Objective: If alliance building becomes an objective in the Mission’s strategy, then appropriate indicators must be defined to measure the progress of that objective, not only for reporting but also for internal management purposes. Managers should consider the type of data needed to determine whether objectives are on track. Additional indicators could possibly be necessary. Examples might include qualitative indicators such as;
 - The quality of an alliance
 - Improved coordination of key alliances

As with other qualitative indicators, specific criteria for “quality” or what “improved” means would have to be developed.

- Measuring Results: *In all cases*, the performance of alliances must be considered in relation to their contribution to achieving development results. Indicators developed for IRs and/or SOs are designed to assess progress toward those results and should be used, as one factor among others, to judge the success of alliances. For example, an alliance designed to increase access to anti-retroviral drugs would certainly measure:
 - The number of HIV positive individuals that receive anti-retroviral drugs.

IV. PHASE 4: PLAN FOR IMPLEMENTATION

Step 10: Clarify How Alliances Will Be Created, Funded, And Managed.

As strategic planning draws to a close and the plan itself is finalized, a Mission may be in a position to decide how to structure an alliance that offers the best strategic alignment in terms of common goals and objectives, partner capabilities, and mutually beneficial expected achievements. Alternatively, if uncertainties still remain, the Mission may decide to solicit ideas for alliances, after strategy approval, through a mechanism such as an Annual Program Statement or Request For Application (RFA). It is important to keep in mind that alliance creation and alliance funding are conceptually different events and may be carried out through different instruments.

A. What issues should be resolved with potential alliance partners? There are a number of key issues that must be resolved with potential alliance partners, though not necessarily prior to finalizing the strategic plan:

- What are the key results to be achieved, and how will performance be measured (in private sector language, what are the “metrics”)?
- Will activities be parallel financed (by each partner, according to their own procedures)? Jointly financed? If so, how will the funding be managed? Will a third party be needed for activity management? Might this mean a grant to a Public International Organization, a grant or cooperative agreement or contract to

a “traditional” USAID implementor? In one case so far, a corporate partner has made a direct grant to USAID and agreed to implementation through USAID mechanisms.

B. How are alliances formalized? Various operational instruments may be used to create, define objectives and managing principles and procedures, and fund alliances. They are not mutually exclusive, that is, several of these instruments may be used in the process of creating any particular alliance. These instruments include, but are not limited to⁵:

- □ A Memorandum of Understanding (MOU) or equivalent;
- □ A Grant or Cooperative Agreement awarded following a competitive RFA or APS selection process;
- □ A non-competitive Grant or Cooperative Agreement accompanied by appropriate waivers as needed.

Whichever instrument is chosen, Missions must be sensitive to the importance of maintaining openness, fairness, and transparency in all transactions. Discussing instrument choices with procurement and legal staff well ahead of time can help clarify issues and facilitate future implementation. For example, under an MOU – a legal instrument which can create, but does not fund, an alliance -- it is likely that traditional solicitations (RFAs, RFPs) resulting in grants, cooperative agreements, or contracts, may be issued for implementation of alliance activities. Conversely, in a number of cases where alliances have been created as a result of the APS issued by the GDA Secretariat, a grant or cooperative agreement to an implementing partner has been followed by an MOU among all alliance partners.

To the extent that USAID acquisition and assistance mechanisms will be used, these requirements should be incorporated into the Mission’s procurement plan. All other activity planning steps, as specified in ADS 201.3.12 also need to be followed. At the appropriate time, explaining these issues to private sector partners who may not be aware of federal regulations and USAID practices is important.

C. How is alliance implementation different? There are some important differences in how alliances are implemented, compared to traditional USAID implementation mechanisms:

- Senior Management Time Requirements: It is not established that alliances, once formed and under way, are necessarily more management intensive than other forms of USAID activities. For example working with large numbers of small NGOs, or with microenterprises, under conventional contracts or grants can require a lot of hands-on attention. One aspect that should be kept in mind, especially for high profile alliances, is the need for careful nurturing. Trust, confidence, and open and frank communication between leaders are attributes that can see an alliance through rough times when and if these occur. These attributes should not be undervalued.

⁵ For further information, consult GDA’s Tools for Alliance Building.

Also, consider staffing needs: additional staffing or a reconfiguration of staffing may be required to implement an alliance effectively.

- Collaborative Management Style: In entering into public-private alliances, USAID explicitly commits itself to a management style which incorporates all or most of the alliance precepts⁶. In particular, USAID agrees to share resources and risks in pursuing an objective that can be better obtained with a joint effort. This implies that USAID also shares decision-making responsibilities with its partners. As a true partner, USAID must make an extra effort to promote convergence of interests among all alliance members and doing so may require programmatic compromises. Alliance relationships are fundamentally different from the traditional USAID contractor or grantee relationship. Thus, governance structures for managing alliance activity must be developed which promote and facilitate collaborative decision-making and problem-solving.

Further detailed information and examples related to implementation (including MOU's, RFA's and APS's) are provided in GDA's *Tools for Alliance Builders*. The reader is strongly encouraged to consult this information, which is available on the GDA website, www.usaid.gov/gda/.

⁶ See p. 2; The Alliance Precepts are: joint definition of the problem and its solution by all partners, agreement between the partners to share resources, risks, and results in pursuing their common objective, looking for innovative ways to get the job done, including bringing in new partners, and leveraging significant resources (financial, in-kind, technology, intellectual property).

Annex A: An Example: Organizing And Planning the Strategic Planning Process

Task	Responsible Person/Team	Due Date	Comments
ORGANIZE AND PLAN			
Parameters Cable is Sent	USAID/W		Waiting for AA memo approval
Mission timeline is developed (consider holidays, vacations, and lead time necessary for contracting where appropriate)	Program Office		
Present an overview of the strategy process to SO team leaders, outlining the products expected, key due dates, and the overall process for strategy development.	Program Office		
Distribute outline of strategy document (with approximate page limits).	Program Office		
Identify key cross cutting areas (including alliance building among others) and how teams should address these areas.	Program Office		
Determine how to handle any issues outside SO areas (e.g. current SPO's or other areas that could become SPOs).	Program Office		
Plan for how/when stakeholders will be engaged in the process.	SO Teams		The strategy that makes the most sense for engaging partners may vary from team to team. Suggest that they identify their own strategy for doing this depending on the stage they are at (some have already done extensive consultation) and logistical issues.
Explore alliance opportunities- Conduct a roundtable with the private sector early in the process.	Mission Director/ Program Office		
Determine what standard results framework format or template will be used for the strategy document.	Program Office		
The strategy review process is scheduled in Washington.	Program Office		
The team to present the strategy in USAID/W is identified.	Mission Director		
Necessary background documentation is provided for Mission Director, in preparation for the USAID/W review.	Program Office		Depends on when strategy review is scheduled.
CONDUCT ANALYSES			
Necessary analyses are identified (this includes required analysis such as environmental analysis on biodiversity and tropical forestry, for example). This should also include timelines for contracting- where necessary- and completion). Key areas to be examined should be clarified (particularly for cross-cutting elements of the program such as alliances, gender,	SO Teams to consult with Program Office		

HIV/AIDS, etc).			
Statements of work are developed	Relevant SO teams		
Analyses are completed			
Analyses are synthesized and the implications for the strategy are considered.	All SO teams.		
FORMULATE THE STRATEGY			
Draft results framework and strategic approaches are developed.	All SO teams		
Draft RF's and strategic approaches are vetted with program office and Mission director.	All SO teams		
Identify key indicators for the SOs and major IRs	All SO teams		
Draft RFs to be shared with key partners on an SO by SO basis.	All SO teams		
Draft RF's to be shared with key counterparts in USAID/W for preliminary feedback.			
Clarify procurement planning implications.	All SO teams and procurement staff.		
Consultations on the Mission's overall strategic directions are held with other donors and the host country (presenting draft results frameworks for feedback)	Mission Director		
Further consultations with key private sector representatives on potential alliances.	Mission Director		
Clarify next steps for completing the PMP following strategy approval.	Program Office		
Draft 1 of the strategy is completed.	Program Office- Overview Pieces SO Teams- SO Sections		
Draft 1 of the strategy is reviewed	Program Office Mission Director SO Teams		
Comments from draft 1 are incorporated; draft 2 of the strategy is completed.	Program Office- Overview Pieces SO Teams- SO Sections		
Draft 2 of the strategy is reviewed.	Program Office, SO Teams and Mission Director		
Final Draft of the strategy is drafted and submitted to the program office.	Program Office- Overview Pieces SO Teams- SO Sections		
Final version of the strategy is completed. (Final changes are made to the strategy and the final version of the strategy is compiled.)	Program Office.		
Final Review	Mission Director		
Final version of the strategy is sent to USAID/W.	Program Office.		

Annex B: Assessing Alliance Building Prospects in the USAID Context

Level of Assessment	Purpose	Possible Approaches
The “Macro” Level	<p>Strategic Planning: Analysis that is designed to inform strategic planning should provide a sense of priorities among various options. Once this is completed, USAID managers must make decisions on what USAID’s response to a problem should be (incorporating additional considerations such as comparative advantage, organizational priorities, constraints, etc).</p>	<p>Sector Assessments: Integrate an examination of potential alliance building approaches into planned sector assessments/analyses, where appropriate.</p> <p>Cross-cutting Assessments: Conduct a stand alone analysis of alliance building opportunities across the portfolio or in a few sectors that are considered higher priority for identifying alliance opportunities. Alliance building should be explored as a potential tool to strengthen or accelerate the achievement of development results.</p> <p><i>Note: In either case, development objectives and priorities should guide the tools that will be most appropriate.</i></p>
	<p>Strengthening Programming: To better understand how alliance building can be used as a tool to strengthen existing programming or accelerate the achievement of development objectives. This type of analysis is not necessarily linked to a formal strategic planning process.</p>	
Implementation	<p>Project/Activity Planning: To understand how to implement the strategy.</p>	<p>Draws on macro assessments, outlined above, to develop specific recommendations on how to implement a strategy, including operational tools such as contracts, grants and alliance building. This includes the design, substance, timing, and sequencing of interventions as well as outlining management issues and solutions. This may be included as a part of “macro assessments”, depending on the Mission’s needs.</p>