



USAID | **NIGERIA**
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**USAID/NIGERIA
PUBLIC PRIVATE PARTNERSHIP
STRATEGY AND WORKPLAN**

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(VERSION FOR PUBLIC DISSEMINATION)

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PURPOSE OF DOCUMENT

This is an internal planning document for USAID/Nigeria and a communications tool for the Front Office and the Mission. It provides the mission with an overall strategy and work plan for Public Private Partnership (PPP) development which includes a summary of:

- *Strategy goals and objectives*
- *Target audiences*
- *Awareness raising and outreach strategies*
- *Roles and responsibilities within USAID*
- *Alliance and approval process*
- *Proposed timeline for partnership development*
- *Standard restrictions.*

This document is an introduction and summary of a work plan for PPP development activities in Nigeria. A variety of activities have fed into the development of this plan including: the previous USAID/Nigeria PPP strategy; lessons learned from past PPP relationships; internal discussions with USAID/Nigeria's Front Office (FO), technical teams, and the Program Office (PROG); as well as external discussions with international companies, business associations and other relevant stakeholders.

MISSION STATEMENT

“To facilitate partnerships that leverage resources from public and private organizations to directly support the goals and strategic objectives of USAID/Nigeria’s technical teams.”

INTRODUCTION

There has been a fundamental shift, over the past two decades, in the sources of funding for economic development around the world. An arena once dominated by official governmental assistance is now a stage for many actors. Today, private resources account for 85% of the resource flow to the developing world, compared to just 30% in the 1970s. This funding shift has required USAID, as the largest global bilateral donor, to rethink its development assistance strategy. With investments falling below the private sector, USAID is now creating partnerships with the private sector, often referred to as public-private partnerships (PPPs) (Annex 1 provides definitions for PPPs and Global Development Alliances). The alliance model incorporates pooled knowledge, skills, and resources of USAID, the private sector and other partners. It brings shared responsibilities and resource commitments to a particular collaborative activity. In creating such a relationship, USAID and its partners jointly identify solutions that capitalize on the expertise and different perspectives that each entity brings to the table. By working with partners, alliances have a multiplier effect by generating a greater impact than would have been realized if the partners worked independently.

The foundation for this strategy is USAID/Nigeria’s goal to improve the economic and social well-being of all Nigerians within a framework of democratic governance. Nigeria is such a large and complex country that donor resources are spread too thin to achieve substantial development impact on their own. Channeling resources from a variety of sources toward development goals in the form of partnerships offers USAID and other development partners in Nigeria more opportunities for achieving development impact.¹ Nigeria is particularly well placed to capitalize on this potential for partnerships with the full-range of categories of potential alliance partners.

With the advent of the new national PPP policy, the Government of Nigeria (GON) established an enabling environment for partnership with the private sector in Nigeria. The policy seeks to boost socio-economic development by providing the requisite operating framework for private sector participation in sectors of the economy that until now have been dominated by the public sector. Donors work together well in Nigeria, but are constrained by limited resources. The GON has a comprehensive development agenda in place and wants to partner with more organizations to implement the plan. There are numerous other organizations with partnership potential such as the local private sector, international and multinational corporations, business and trade associations, NGOs and foundations in a variety of focus sectors, and American universities and the Nigerian diaspora.

USAID/Nigeria will build public-private partnerships that support its country strategy for 2010-2014 in the following sectors: economic growth and the environment; poverty reduction; peace and democratic governance; HIV/AIDS and tuberculosis; health, population and nutrition; and basic education in Nigeria. The Mission will develop partnerships that not only leverage financial resources, but also tap into skills; services and expertise; in-kind products; access to supply chains and markets; market driven approaches; technology and

¹ GON development assistance in 2006 totaled \$11.4 billion while foreign direct investments in 2008 were \$54 billion (or 29.5% of the GDP).

intellectual property; and communications and marketing opportunities that the public and private sectors have in abundance. The decision of which PPPs to be pursued by USAID/Nigeria will be made by all the relevant parties, as described in this document. It is not the aim for the Mission to have PPPs in all sectors, but rather focus its time and effort to develop PPPs that yield high dividends and are worth the Mission's time and effort.

As a strategic alliance, a PPP provides potential partners with a synergistic relationship whereby, through joint efforts, partners are supplied with the tools to better define outcomes therefore gaining an understanding of the impact they aim to create. As USAID/Nigeria continues to align with the Agency's overarching commitment to change the way foreign assistance is implemented, it will take advantage of the many added benefits of engaging in public-private partnerships, including, but not limited to, increasing investments, gaining economies of scale in programming, production, marketing, etc.; sharing and/or transferring technical knowledge and expertise; gaining access to new or previously blocked markets; reducing and/or sharing costs of products, services, materials, and distribution; increase visibility; and strengthen the quality and effectiveness of services.

Through this, USAID/Nigeria will be equipped with the information and alignment needed to ensure that partnerships will have a stronger intersection of interest in terms of the outcomes that each partner aims to achieve and deliver significant value in terms of effectiveness, scale, efficiency, sustainability, and systemic change.

GOALS AND OBJECTIVES OF THE STRATEGY

This strategy is developed to achieve the following goals and objectives:

1. Increase strategic PPPs across USAID/Nigeria's program areas, enabling the mission to extend/expand the reach, impact and sustainability of its programs

- Identify, engage and build new relationships with private corporations and other potential partners that may lead to future alliances with such partners as Microsoft, General Electric, Shell, Chevron, and Exxon-Mobil.
- Leverage USAID resources and help maximize impact of programs
- Consolidate relationships and contacts to more fully develop and implement current and/or potential alliance activities
- Maintain and expand projects and relationships with current private sector and other alliance partners, to maximize impact/benefits of partnerships and our 'investments' (time and money) to date.

2. Leverage financial and non-financial resources (expertise, technology) of USAID and alliance partners

- Embed partnerships within on-going programs and projects utilizing the global GDA Annual Program Statement to provide a mechanism for outreach and for vetting of ideas/opportunities, as appropriate
- Use RFPs/RFAs to solicit partnership strategies
- Negotiate with the GON for the development of a public-private partnerships (PPP) fund. To promote corporate involvement in development programs and to motivate civil society organizations to engage such private partners, this PPP fund mechanism would make funding available to NGOs securing concrete new corporate partners. USAID and GON could agree to match private funding up to a certain level or

- Invite experts from USAID/Washington’s Office of GDA and Regional Alliance Builder in USAID/WA to Nigeria to 1) train local staff in order to build the Mission’s capacity to identify, develop and manage PPPs; 2) present USAID’s global MOUs; and 3) facilitate PPP opportunities identification sessions with each technical team.

3. Increase outreach to and visibility with private sector to raise awareness of partnership opportunities with USAID

- Combine different forms of outreach and communications to build interest and awareness, contacts, present USAID’s goals and programs, and initiate discussion with potential partners (e.g., networking, receptions, 1-1 meetings). Such an event was hosted by the USAID/Nigeria Mission Director in January 2010.
- Create/refine communications tools e.g. briefing documents, newsletters, articles, press releases, briefings.

4. Increase capacity (understanding and abilities) of USAID staff and implementing partners/potential partners to build and promote alliances

- Incorporate Global Development Alliance/PPP language into solicitations to encourage implementing partners to develop relationships and partnerships with the private sector in a strategic manner.
- Facilitate training on best practices for identifying, building and managing alliances. Build understanding of the growing significance of Corporate Social Responsibility (CSR) in alliance building.
- Share contacts, tips, approaches and alliance activities to stimulate thinking and to mitigate challenges faced by staff. Create tools and forums to share/inform alliance-building efforts e.g. newsletters.

5. Work in partnership with technical offices and implementing partners to generate new or expand current partnerships and PPPs

- Work closely with teams and contractors to identify, build, and embed alliance opportunities/ideas within programs and to identify strategic alliance opportunities that support public and private interests.
- Help teams to map priority development impacts and leverage to better target outreach.
- Help to shape concepts through consultation and collaboration – internally and externally, acting as a *catalyst and broker* for partnership and project development.
- Share good practices, lessons learned, and cross-team/regional opportunities to maximize impact.
- Improve two-way communications flow with technical offices.

MANAGING CHOICES AND OPPORTUNITIES

USAID/Nigeria has a wealth of resources it can offer to PPPs, including, but not limited to: funding, relationships, convening power, development expertise, long-term country presence, local and global networks, policy influence and credibility. However every program has limited human and financial resources which mean that USAID/Nigeria will need to manage opportunities and engagements. Therefore the following criteria must be taken into account when deciding where and how USAID/Nigeria invests its resources:

- Areas of greatest need
- Agreed Mission priorities

- Knocking on open doors – e.g. where there is interest and support (supported through broad mapping of corporate sector and priority opportunities)
- Scale and opportunities – e.g. can it be a pilot for regional application, extension, a template?
- Strategic partnerships – synergy with topic, business arena, existing foundation
- Leveraging – both in terms of using our investment in current programs as well as additional resources
- Ability to embed alliances in programs – using existing USAID/Nigeria programs as platform to attract additional investment around particular issues – helping to broaden and deepen the impact and response

Funding

While not all GDAs will require additional funding, particularly if they are embedded within our current programs, some new alliances may as well as APS proposals. As a result, USAID/Nigeria will explore partnerships with organizations that leverage a contribution of at least \$1 million (e.g. \$500,000 leveraged each from USAID and private sector), and that fit into or complement USAID’s strategic focus.

TARGET AUDIENCES

External	Internal
<p>Potential resource partners (co-donors):</p> <ul style="list-style-type: none"> • Companies and Foundations – multinationals, regional, national e.g., OPIC, NACA • Donor and other government agencies e.g. GON, DFID, World Bank, African Development Bank, UN Office of Global Impact <p>Influencers and potential brokers:</p> <ul style="list-style-type: none"> • In-country trade and business associations e.g. CSR and development communities – including major NGOs • US and international business associations including 	<ul style="list-style-type: none"> • USAID/Nigeria Front Office, Partnership Alliance Coordinator, OAA, and Technical offices • USAID/WA Regional Alliance Builder USAID/W GDA office • Other USG groups including commercial, policy and economic teams e.g., US Embassy Economic Section, Foreign Commercial Service in Abuja and Lagos

AWARENESS RAISING AND OUTREACH

While USAID/W’s GDA office has built relationships with international companies at the headquarter level, local/regional offices and companies in Nigeria are frequently unaware of USAID/Nigeria’s interest in partnering and of the opportunities that exist. To encourage and facilitate the development of GDAs, a number of communications and outreach activities are recommended. The Partnership Alliance Coordinator will work closely with USAID/Nigeria’s DOC and the US Embassy’s Public Affairs Section when appropriate to:

- Strengthen outreach to established and potential partners alike, local and multinational corporations, business associations, through a variety of venues, including one on one meetings and roundtables.
- Leverage events e.g. joint press briefing to announce new partnership and/or project.
- Proactively seek conference panel/presentation opportunities, in conjunction with partners as appropriate, to raise awareness of local and regional opportunities for US based and international companies.
- Participate in third party events e.g. conferences, regional meetings, for networking, information gathering, stimulating discussion, staying abreast of CSR and other business issues.

PARTNERSHIP PHASES AND RESPONSIBILITIES

Alliances differ from traditional USAID activities in that they are not solely designed by USAID staff; they are negotiated with the private sector and therefore reflect both the interests of USAID and its funding partners. Because of the dynamic nature of negotiations, PPP concepts are not static over time and therefore require ongoing review and approval by relevant Mission staff. However, conscious effort must be made to ensure this review is streamlined to avoid regular delays caused by overly bureaucratic processes. PPPs can be initiated either through targeted dialog by the USAID Mission staff or the private sector or through the submission of a concept note to the Global Development Alliance (GDA) Annual Program Statement (APS).

ALLIANCE PLANNING AND APPROVAL PROCESS

Alliances may be developed in several distinct ways. The first is when the Mission takes an active role in developing the alliance, identifying priority areas, contacting potential partners, pitching the alliance idea, designing the specific intervention and formalizing the relationship through an MOU. The second is when alliances are proposed to USAID by funding organizations or implementing organizations with committed funding partners through the annual GDA APS. Negotiations can still occur, but the proposal as submitted by the partnering organization guides the design of the program. While the approval process will vary for alliances developed through these two means, in both cases Mission approval must be ensured before significant negotiation takes place. A third way for alliance development may arise within the context of the proposals or initiatives of new solicitations and implementing partners. Bilateral RFAs and RFPs may invite applicants and bidders to promote or propose specific cost-sharing efforts to complement available USG resources. In these cases, the initiative may be taken by applicants or new awardees, but Mission review and approval will be built into either the solicitation process or the approval of annual work plans.

Mission Initiated Alliances

The alliance planning process and approval process will go hand in hand. It is important to have ensured a level of Mission commitment before significant negotiation with private sector partners in order to maintain USAID's reputation as a willing and capable partner. When negotiations move too far only to have projects stall or end because of Mission priorities and strategies, the Agency appears to lack credibility or reliability, jeopardizing any future discussions it may have with the same partners. For this reason, alliances will follow a

slightly different approval process than other activities that ensures alignment with Mission goals and strategies while providing Mission alliance builders with the flexibility and authority required to negotiate on behalf of the Mission and its resources. This dual planning and approval process will follow these four steps below:

Step 1: Technical Team and Front Office Engagement: Once on board, the Partnership Alliance Coordinator (PAC) and the technical teams will identify particular alliances that would advance the technical team's needs. Discussions could range from underfunded projects, underfunded technical areas in the portfolio, areas of surplus funding with which to fund a new alliance, or strategic opportunities. The Front Office will also be engaged for feedback on priority alliances it would like to see pursued over the next year. The PAC and technical teams will be responsible for identifying potential alliances throughout the year. However at the beginning of each fiscal year, or near the completion of the validity period of the previous alliance strategy, the PAC will be required to submit a proposed list of particular alliances.

Step 2: Alliance Strategy Development and Clearance: After the completion of these meetings, the PAC will develop a comprehensive strategy which includes all potential alliances identified through discussions with the technical teams. This strategy will be cleared with PROG, the Regional Legal Advisor (RLA), and the FO. With the clearance of this strategy, all included alliances are cleared for the Alliance Coordinator and technical teams to negotiate and speak on behalf of USAID/Nigeria.

Step 3: Alliance Negotiation: The PAC in conjunction with the relevant technical office will lead the initial review of a PPP concept note. The PPP concept note will be developed by Mission staff and reviewed before being shared with the private sector partners. The decision to have this review will be based on the Mission strategy, Presidential and USAID initiatives, the interest of the technical team, the availability of anticipated funding required for the activity, and private sector interest as assessed in initial discussions. If the alliance was included in the annual strategy, it does not need to be formally cleared by PROG, RLA, or FO.

At the completion of this review, designated representatives from the technical team and the PAC (herein referred to as the PPP design team) will continue to work together and with the private sector partner to advance the partnership. Before each partner meeting, the PPP design team must be in agreement on the partnership design as it stands. At the completion of a meeting with the private sector, key points raised during the discussion will be reviewed by the PPP design team and adjustments will be made as per agreement between the team members. Regular informal updates of these negotiations and of relevant design changes will be given to PROG, RLA, Office of Financial Management (OFM), Office of Acquisition and Assistance (OAA), and senior management.

Step 4: Alliance Finalization: At the completion of a PPP negotiation, an action memo will be drafted, cleared by the technical team leader, PAC, OFM, RLA, OAA, and PROG to be approved (or disapproved) by the Mission Director.

PROPOSED TIME LINE FOR PARTNERSHIP DEVELOPMENT

The below table provides a timeline and summary of the alliance development life cycle. As alliances move from conceptualization to implementation, the roles of the PAC and respective technical teams change as shown in the table below.

Phase	Step	Months	Lead
Conceptualization			Partnership Alliance Coordinator
	Partnership Relationship Diagram	1	Partnerships must be consistent with annually approved technical strategies and approved by Mission activity approval process.
	Potential Partners	2	
	Concept Note	3	
	Conceptualization Complete	5	
Planning			Partnership Alliance Coordinator
	Implementation Timeline	6	PPS works closely with technical team to identify needs, select partners, and determine partner responsibilities.
	Resource Requirements	6	
	Partner Responsibilities	7	
	Partner Due Diligence	8	
	Planning Complete	8	
Structure			Partnership Alliance Coordinator/Technical Team
	Reporting Practices/Communication Protocol	8	PPS works closely with technical team to identify needs, select partners, and determine partner responsibilities.
	Governance Structure	9	
	Alliance Marketing Plan	9	
	Structure Complete	9	
MOU			Partnership Alliance Coordinator/Technical Team
	MOU Drafted	11	MOU contains guiding information for the implementation of the partnership. Technical team's involvement is very strong.
	MOU Agreed Upon	12	
	Legal Clearance from All Partners	14	
	MOU Signed within 3-5 months of verbal commitment	15	
Finalize			Technical Team
	Provide greater detail to implementation plan	16	Technical team takes over management of the activity and partner relationship. PPS's role is limited to resolution of large alliance-threatening problems.
	Finalize metrics	16	
	Develop monitoring plan	16	
	Initiate funding flows	18	
	Select and hand over to implementation team	19	
	Launch complete	19	

APS Alliances

In the case that a PPP came to the Mission through the GDA APS, the concept note will be received by the proposing organization and the concept note will be cleared through the standard Mission activity clearance process, as laid out in Mission Order 201.

Implementing Partner or Solicitation – Initiated Alliances

While USAID/Nigeria will retain the role of overall donor coordination where corporate alliances may be proposed, applicants and bidders in USAID bilateral solicitations may be invited to seek out complementary corporate resources through alliances. These applicants or bidders will describe how they plan to contribute to the program with non-USG funds, and how these resources may be compatible with and increase synergies with USAID appropriated funds. USAID/Nigeria will encourage suggestions by applicants on how corporate funds can add value to the proposed development results. USAID/Nigeria will retain responsibility for approval of the proposed alliances.

International and local corporations operating in Nigeria may be receptive to committing financial resources and management time to development activities that extend social services and provide economic opportunities to Nigerians. It is hoped that Implementing Partners will be successful in persuading corporations to support the USAID-funded program through complementary investments. A corporation could take one of two potential avenues in supporting the program, such as²:

- Co-funding the entire program (i.e. both capacity building and community infrastructure) in a specific municipality or State Government area
- Supporting a specific Project Element
- Providing complementary resources to an overall program.

STANDARD RESTRICTIONS

In the case that USAID funds are committed under an alliance, USG allocated resources must comply with all standard Agency regulations including the FAR, ADS, and CS-122 as well as restrictions made on particular funding types. Partner resources, however, are not bound by such regulations and can be used freely and as mutually determined by all partners. Through partnership, additional resources can be leveraged for activities that the Agency or Mission cannot fund. In the case that partner resources will be used to fund sensitive activities, USAID/Nigeria's Regional Legal Advisor will advise as to whether there is a perception issue that should be mitigated through partnership redesign.

Annex 1: Definitions of PPPs and GDAs

² **Note:** This list is not exhaustive. Potential partners are encouraged to discuss with the Mission any other methods/ideas of support that they may have.

ANNEX 1: DEFINITIONS OF PPPs AND GDAs

Public-private partnership (PPP) describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. These schemes are sometimes referred to as PPP, P3 or P³.

PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. In some types of PPP, the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. In other types (notably the private finance initiative), capital investment is made by the private sector on the strength of a contract with government to provide agreed services and the cost of providing the service is borne wholly or in part by the government. Government contributions to a PPP may also be in kind (notably the transfer of existing assets). In projects that are aimed at creating public goods like in the infrastructure sector, the government may provide a capital subsidy in the form of a one-time grant, so as to make it more attractive to the private investors. In some other cases, the government may support the project by providing revenue subsidies, including tax breaks or by providing guaranteed annual revenues for a fixed period.

Typically, a private sector consortium forms a special company called a "special purpose vehicle" (SPV) to develop, build, maintain and operate the asset for the contracted period.

Pressure to change the standard model of Public Procurement arose initially from concerns about the level of public debt, which grew rapidly during the macroeconomic dislocation of the 1970s and 1980s. Governments sought to encourage private investment in infrastructure, initially on the basis of accounting fallacies arising from the fact that public accounts did not distinguish between recurrent and capital expenditure.

The **Global Development Alliance** (or **GDA**) is a program of the United States Agency for International Development. It was created in May 2001 as a new way to effectively provide aid to underdeveloped countries. The GDA business model combines the energy and resources of corporations, foundations, the faith-based community, indigenous organizations, and other nontraditional partners with the technical expertise and experience of the US Government. These public-private alliances are a response to the reality of an ever-growing private sector that has the potential to have a large impact in the underdeveloped world. GDA mobilizes the ideas, efforts and resources of governments, businesses and civil society by forging public-private alliances to stimulate economic growth, develop businesses and workforces, address health and environmental issues, and expand access to education and technology.

The Global Development Alliance was created in 2001, after career Foreign Service Officers identified the potential of - and need for - public-private alliances in international development. In his remarks before Congress on May 10 2001, Secretary of State Colin L. Powell introduced GDA as "a fundamental reorientation in how USAID sees itself in the context of international development assistance, in how it relates to its traditional partners and in how it seeks out and develops alliances with new partners."

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IIP: AWind; 3/10/10
GJD: MWright: 3/27/10
HPN: SEpstein: 3/10
HIV/AIDs: STackett: 3/10
EDU: SOjikutu: 3/10
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