Partnering for Impact: PPPs and USAID's Global Development Alliance Approach

Throughout its history, the U.S. Agency for International Development (USAID) has worked in partnership with all types of organizations to carry out its mission. Initially these relationships were limited; partnerships were generally characterized by either a donor-recipient or client-vendor relationship, and organizations were charged with implementing projects that USAID identified, designed, and funded.

At the turn of the millennium, USAID embraced a new approach to partnership, one that fully welcomed and encouraged direct partnership with non-traditional development actors. The move was precipitated by the recognition that, over the prior 40 years, new stakeholders had emerged that were making significant contributions to international development. These new actors included non-governmental organizations (NGOs), private voluntary organizations (PVOs), cooperatives, faith-based organizations, foundations, corporations, financial institutions, the higher education community, and even individuals (including remittances from diaspora communities). In 2001, in light of this new reality, USAID launched the Global Development Alliance (GDA) model of public-private partnership to deepen the scale, impact and sustainability of its development programs.

A high-impact approach to partnerships

The GDA approach to partnership increases the range of USAID's prospective partners to include small businesses, national and multinational corporations, financial institutions, impact investors, foundations, universities, and other private sector organizations.

GDAs are jointly defined by USAID and the private sector to achieve mutual goals.

This new approach to development partnerships breaks from more conventional types of public-private partnerships (PPP). A conventional PPP approach is typically defined as a government contract with the private sector to provide governmental services, which often targets large infrastructure projects, such as a railway system, toll road, or water treatment plant. Within this class of conventional PPPs, governments typically outsource their responsibilities by operating under a Build-Operate-Transfer (or similar) model that requires one partner to bear the majority of the financial, technical and operational risks.

In contrast, GDAs require each partner to contribute its own set of skills and resources to collaborate on co-designed and co-managed projects to significantly expand and deepen the impact of development assistance. The risks and rewards of such partnerships are shared, and both parties are held responsible for the success of a partnership. Furthermore, this partnership approach goes beyond the basic mandate of a conventional PPP to promote co-investment in public goods and services that benefit both the public and private sector; encourage market entry by creating incentives or reducing the risk of investing in emerging markets; and leverage core capabilities of private sector entities and individuals to address a development challenge.

Six key criteria distinguish GDAs from conventional PPPs

1. At least 1:1 leverage (cash and in-kind) of USAID resources
To be considered a GDA, resource partners (non-traditional USAID partners who bring resources to a partnership) must match USAID's investment on an equal basis. In addition to cash, GDAs benefit from the unique expertise and assets of the resource partners, allowing USAID to achieve solutions that the Agency might not have generated on its own. Resource partners can invest almost anything of measurable value to a partnership, including human capital, technology, market access, networks, intellectual property, and more to benefit a development partnership. Traditional PPPs, on the other hand, usually require a significant, pre-defined cash investment from a resource partner in exchange for financial returns from PPP activity.

2. Common goals defined for all partners
Under the GDA model, partners become co-donors with USAID. Partners that are investing resources into a partnership are considered peers, and participate in identifying desired outcomes and approaches to a development initiative. In a traditional PPP model, the objectives and terms of performance are usually detailed by the side of the partnership issuing the contract.

3. Jointly-defined solution to a social or economic development problem
USAID forms alliances with corporations and other partners by recognizing where our interests overlap. Many of the challenges that businesses face overseas are actually symptoms of the same development challenges that USAID is working to address. By working together in partnership, the public and private sectors often find a new way of looking at a problem, and can then develop a better solution together. In contrast, in typical PPPs, the solution is pre-defined by one side of the partnership.

4. Non-traditional resource partners (companies, foundations, etc.)
GDAs encourage USAID to work with a variety of new partners, many of whom may have not partnered with the U.S. Government before. Through the GDA model of partnership, USAID is opening the door to a wide range of technical expertise and assets that promote innovative development solutions. For example, USAID might help promote anti-trafficking messages through MTV's extensive networks to reach key audiences. Traditional PPPs, however, focus on leveraging resources from narrowly-defined types of partners to achieve goals and objectives that are usually standard practice within an industry.

5. Shared resources, risks and results, with a preference for scale of impact
As opposed to a contractual relationship which often places the risks and responsibilities of performance on the actors being contracted, the GDA model requires partners to share resources, risks, and responsibilities among all parties involved. This approach ensures that no one partner bears the full burden or risk of implementing an initiative. Sharing risks and responsibilities creates a collaborative environment that can lead to greater impact, opportunity for bigger reach, and longer-term sustainability.

6. Sustainable approaches to development
GDAs help to create positive development outcomes that are linked to business interests because collaboration activities are jointly designed. As such, private sector engagement is more likely to continue even after USAID funding or in-kind support ends, generating truly sustainable progress. In traditional PPPs, the length and scope of the cooperation is defined by the contracting partner.