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ASSESSMENT OF USAID'S GLOBAL DEVELOPMENT ALLIANCES

IN THE BUREAU FOR ASIA AND THE NEAR EAST

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An Assessment of USAID's Global Development Alliances (PN-ADA-850)

The Global Development Alliances: Expanding the Impact of Foreign Assistance through Public-Private Alliances (PN-ACT-008)

Assessment of USAID's Global Development Business Model (PN-ADB-770)

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ASSESSMENT OF USAID'S GLOBAL DEVELOPMENT ALLIANCES

IN THE BUREAU FOR ASIA AND THE NEAR EAST

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Executive Summary

This report assesses USAID's Global Development Alliance (GDA) business model for creating public-private alliances. The GDA initiative, announced in 2001, actively promotes strategic alliances between USAID and private- and public-sector partners as a business model for achieving U.S. Government development assistance objectives.

The purposes of the assessment are to 1) share learning, specifically on the current state and process of developing alliances and particularly in the missions; and 2) inform decisions, specifically concerning the GDA Secretariat, funding allocation and field support, and initiating and managing alliances.

The GDA business model is alive and working in all regions of the world.

USAID has made remarkable accomplishments in designing and starting significant GDA activities. The purpose of GDA is now well known, the encouragement to enter into public-private partnership is well established, and successful examples of successful alliances now exist.

Summary Lessons and Recommendations

1. *Declare success.* The GDA business model is alive and working in all regions of the world.

2. *Accept GDA for what it is.* GDA is an evolving and increasingly important business methodology that is taking hold at the country, regional, and global levels. Its potential is huge, but realizing this potential will take time and effort.

3. *Modify the definition of a GDA alliance.* Redefine what constitutes a GDA. Important components will still include sharing risk with partners; sharing planning, responsibility, and decisionmaking between partners; and joining with new partners and approaches. However, the team recommends a fourth criterion—leveraging development impact through private-sector partner contributions. The team urges USAID to focus more on impact than on level of inputs.

4. *Incorporate best practices.*

   - *Engage the partners' core business.* The best GDA alliances involved the core business interests and senior managers of private-sector resource partners. The strongest alliances evolve beyond corporate social responsibility.

- *Begin alliances with written agreements.* Resource partners should negotiate and sign agreements that include a common understanding of the planned development impact and the roles, responsibilities, and contributions of each partner.

- *One size does not fit all.* Alliances must be crafted to meet the specifics of the local situation to maximize development results.

- *Invest the time to build good relationships from the beginning.* Alliances are relationships and require the trust and understanding that come with direct and honest communication about the objectives and motivations of each partner.

- *Give more attention to monitoring and evaluation.* Alliances are new and complex. There is much to learn and use in making decisions to strengthen future assistance.

5. *Incorporate GDA into the Agency's mainline operations.*

- *Strategy.* GDA should be emphasized as a specific priority of USAID strategy and highlighted more explicitly in the joint strategic thinking of the Department of State and the Agency, in the strategic frameworks of the regional bureaus, and in the country strategic plans.

- *Funding.* Agency and bureau GDA incentive funds should be eliminated. For special seed capital, the Agency should consider maintaining a small reserve to pursue very high-priority GDA opportunities.

- *Obtaining services.* The Agency should devise a new way of entering into alliances that does not depend on current Agency grant and contracting rules. The Agency's contracting staff has been creative in applying existing rules, but the Agency needs a new way of doing business that can better support this new business model.

- *Human resources.* The Agency should focus more on recruiting, training, motivating, and advancing GDA champions. Steps can be taken in these four areas to expand the pool of staff that have the background, skills, and attitudes to be GDA advocates and practitioners.

6. *Move the GDA Secretariat to Phase II.* The structure and responsibilities of the GDA Secretariat should be modified. The GDA Secretariat should be phased out over a reasonable transition period time (such as one year) and be succeeded by two elements in Phase II of GDA development. The first element should focus on advocacy and the second element should focus on alliance support.

- *Senior advocate.* The advocate position should serve as the internal and external central point of contact for top-level GDA issues and initiatives and as the main interlocutor between USAID and the private sector on issues concerning the GDA. The advocate should be responsible for proactive outreach to the private sector, especially to large private-sector organizations at a global level. In addition, the advocate can be the primary proponent and communicator of GDA issues with the U.S. Congress. Finally, the advocate should promote the GDA within the Agency.

- *Support.* The Phase II GDA effort should also focus on supporting, from a central point, the various Agency operating elements, particularly individual missions with GDA activities. The Agency should institute a knowledge management system to promote information sharing throughout USAID. It should also emphasize evaluation and monitoring of alliances to capture knowledge to share with other practitioners and provide good information for decisionmaking. The Agency should formalize a support network for missions, including technical assistance to help establish and run GDA alliances. In addition, an informal mentoring system should be formed and encouraged.

The assessment of this team is that it is time to enter into Phase II, building on the successes of the GDA Secretariat and the importance of this USAID initiative.

Assessment of USAID's Global Development Alliances in the Bureau for Asia and the Near East

Introduction

The Bureau for Asia and the Near East (ANE) has been a leader in the Global Development Alliance (GDA) initiative, demonstrating what a committed bureau can accomplish when supported by the momentum of an Agency-wide initiative. ANE was the first bureau to create an incentive fund, and it also led the effort to provide technical assistance to the field and develop a vision to catalyze its work.

ANE was the first bureau to create an incentive fund, and it also led the effort to provide technical assistance to the field and develop a vision to catalyze its work.

This report summarizes a multicountry assessment of public-private alliances in ANE. The worldwide GDA initiative, announced in 2001, promotes strategic alliances between USAID and private- and public-sector partners as a business model for achieving U.S. Government development assistance objectives. ANE supported the initiative and developed its own GDA plan. This report looks at progress in the ANE countries and highlights issues specific to that region, but the full report, *Assessment of USAID's Global Development Alliance Business Model*, also provides relevant analysis. This report is a companion to the full GDA report. Topics, such as procurement, are discussed only in the full report, while recommendations specific to ANE are included in this report.

Stakeholders and Purpose of the Assessment

This ANE assessment was part of a worldwide assessment coordinated by USAID's Office of Development Evaluation and Information (DEI) on behalf of the Agency and its partners. The GDA Secretariat and ANE were key participants; funding for the study was provided by DEI and ANE. In early discussions, these stakeholders defined the purposes of the assessment to:

- Share learning based on an assessment of the current state and process of developing alliances, particularly in missions.
- Inform decisions, including both Washington-led decisions on funding allocation and field support and mission-led decisions on initiating and managing alliances.

In addition, this assessment is expected to inform decisions by USAID and its partners on how and when to use alliances for maximum impact.

A Mixed-Method Approach

Assessment methods included

- a review of background documents and materials
- more than 50 interviews in Washington
- a web-based survey of randomly selected holders of usaid.gov e-mail addresses
- brief field visits to six countries identified as active in alliances in their subregions (India, Indonesia, Jordan, Morocco, Philippines, and Sri Lanka)

The scope of work required a comparison between alliances funded by the ANE incentive funds and mission-funded alliances to determine whether the alliances were good investments. The team identified 27 potential alliances by looking at the Agency's GDA database and talking to staff in ANE and each mission. Of these, 16 were at least partially funded with incentive funds. The process ANE used to allocate incentive funds is described next and analyzed below.

A randomized survey was added to the assessment methods to capture data from additional missions.

To identify best cases and best practices, the countries to visit were chosen for the strength of their alliance-building program. Morocco and Jordan were added by ANE for geographic balance, although they lacked the depth of experience of the other countries. Teams of two people spent one week in most countries (three days each in Sri Lanka and Jordan) and collected information on three to eight alliances in each country.

This mixed-method approach enabled the team to present a comprehensive picture of the state of GDA in the field.

ANE Public–Private Alliance Incentive Fund Design

The ANE incentive fund required missions to submit alliance ideas, which were reviewed by a funding committee. This funding mechanism intended to encourage missions to develop alliances and provide a demonstration effect. The bureau allocated incentive funds in 2002 and 2003.

Identifying the alliances supported by ANE funds was not a straightforward process. Because ideas, not activities with names, were submitted, it was difficult to match the amounts awarded with the alliances identified by the assessment teams in the field. The incentive fund process was complicated, with several subsets of incentive funds, as well as other sources of funds besides GDA funds:

- Philippines and India received $2 million each for building alliances in 2002.
- The Clean Air Initiative received a portion of ANE's 2002 incentive funds, but some alliances received additional funding as well. The Bureau for Economic Growth, Agriculture and Trade (EGAT) had a role in that process, and those ideas were reviewed independently.
- The Mission Incentive Fund (MIF) represents the rest of the bureau's funds—i.e., those that fit the incentive fund model—and ideas submitted for review by the ANE Public-Private Alliance Review Committee. The team assessed the effectiveness of that process in terms of the alliances and whether they were good investments.

ANE Alliances

As requested in the scope of work, the team looked at alliances that received incentive funds as well as those that did not. The team began by determining which alliances met a rigorous application of the principles of mature alliances used by the Agency in training. (This process is described more in the full GDA mid-term assessment report.) The team referred to alliances that met these criteria as "GDA alliances" and those that did not as "pre-alliances and projects." The team judged 11 to be GDA alliances and 16 to be pre-alliances or projects. Team members concentrated on the more mature alliances. Table 1 shows the numbers of GDA alliances and pre-alliances and projects with and without incentive funds.

Ten of the eleven judged to be GDA alliances received at least partial funding from ANE. The eleventh was the Monsanto Corn Alliance in the Philippines funded by the GDA Secretariat. Six of the pre-alliances and projects had funding from the ANE incentive fund.

Table 1. Funding for GDA Alliances, Pre-Alliances, and Projects		
	GDA Alliances	**Pre-alliances and Projects**
Bureau incentive funds included	10	6
Bureau incentive funds not included	1	10
Total	**11**	**16**

Virtually all that met the standards for GDA alliances were supported by the incentive fund, indicating they are progressing well. Of the other six, four were still in development, making it too early to tell if they would mature into GDA alliances. An example is the Children's Television Network activity in India, which is modeled on alliances in Egypt and South Africa. A feasibility study is being carried out, and an exciting alliance could evolve. This project was one of the four considered pre-alliances. The remaining two—Energy Wise in India and Scholarship for Success in Morocco—were characterized as excellent projects but not alliances. These two did not have the levels of shared responsibility, joint planning, and decisionmaking that are the key distinctions between alliances and projects. Scholarship for Success has plans to increase the role of its donors in decisionmaking processes, but it remains a small, creative project.

The team focused on the eleven alliances (table 2) that met all criteria and determined whether the alliances were good investments.

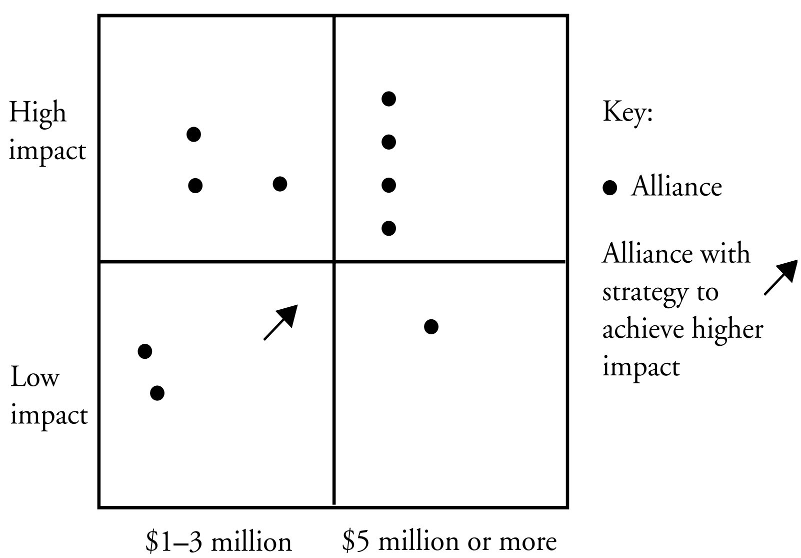
Table 2. Full GDA Business Model Alliances		
Country	**Alliance**	**Partner Contribution**
Philippines	Alliance for Mindanao Off-Grid Rural Electrification (AMORE)	Greater than $3 million
	Cleaner Fuels to Reduce Vehicle Emissions	Greater than $3 million
	Monsanto Corn Alliance	Less than $1 million
Indonesia	Papua Bird's Head Alliance (Biodiversity)	Greater than $3 million
	Cocoa Alliance	$1–3 million
	Timber Alliance (Sustainable Forest Management)	Greater than $3 million
India	Green Business Center	Greater than $3 million
	Financing Solar Electrification (Solar Financing)	$1–3 million
	India Livable Communities Initiative (Regional)	Greater than $3 million
Sri Lanka	AirMac Pollution Reduction	$1–3 million
	Ecotourism	$1–3 million
Source: ANE		

Are Alliances Funded from the Bureau Incentive Fund Good Investments?

The quality of these alliances should be assessed in terms of their development impact. Although it is too early in these alliances to measure development impact, some were clearly designed to have a strong impact and others were not. The amount of resources invested in an alliance has a positive correlation to the success of the impact. The team looked at the alliances in terms of the level of partner resources contributed and the expected level of impact (figure 1).

Seven of the eleven alliances were found to have the potential for a strong impact (the top half of the chart). The alliance represented by the arrow (AMORE in the Philippines) has an explicit strategy to scale up and is probably a good investment caught in an early phase. Two had less impact, but these were smaller alliances. Although this apparently makes them reasonable financial investments, the time and effort required by Agency staff to build alliances calls this into question. Also questionable was the alliance with a proportionally high resource contribution and low impact (Ecotourism). Perhaps some support for more ambitious impact for this alliance should be given, but again, it could just be that the alliance is still young. On balance, the team considered this group of alliances to be strong investments. With only one alliance in this group not supported by incentive funds, the evidence is strong enough to conclude that the Bureau incentive fund played a role in stimulating development of strong alliances in ANE.

Figure 1. Development Impact and Partner Resource Contribution



Comparing Incentive Fund Alliances to Other Alliances

It is difficult to generalize about alliances funded by mission budgets (table 3) because most are still in the development stage. As noted, one mission-funded project met the definition of a GDA alliance: the Monsanto Corn Alliance in the Philippines. Several of the others were considered projects—that is, lacking sufficient joint planning, decisionmaking, and shared responsibility to be considered GDA alliances. All have potential, but to varying degrees, to become GDA alliances under the right circumstances.[1]

The support and encouragement provided to the alliances that received incentive funds probably made a difference. But it is also possible that the incentive fund committee picked the ideas most likely to succeed quickly, passing over ideas that would take longer to gel. The Cities Alliance, for example, will take many years before being able to partner with the private sector in Tetouan, but this could lead to significant long-term development impact. Although it cannot be considered a GDA alliance now, it is a worthwhile project that has the potential for private partnering.

The missions are including GDA alliances in program planning, thinking

1 Information Technology Mentors Alliance is a regional alliance that the teams did not address as fully.

Table 3. Mission-Funded Projects	
Country	**Projects**
Philippines	Transforming the Marine Aquarium Trade in the Philippines
Indonesia	Incentive Fund Coffee Alliance
India	Capacity Building Program in Environmental Compliance for Indian Industry
	Small Enterprise Activity Fund
	Children's Educational Television (Sesame Street)
	Quality Education and Skills Training
	Hydrogen Fuels (3-wheeled vehicle)
	Energy Wise India
Morocco	Cities Alliance in Tetouan
Jordan	INJAZ*
	As-Samra Wastewater Plant
	Information and Communication Technology (Case Foundation and King Abdullah Fund)

* Arabic for "Achievement"
Source: ANE.

about partnering as part of many activities. It will be a long time, however, before the partnering either takes place or has impact. Seeds have been planted, but it is too early to tell how many will grow or what they will grow into.

Two other factors have led to the strength of these alliances. First, ANE's experience, particularly with the US–Asia Environmental Partnership (US-AEP), played a significant role. Alliances are built on relationships of trust, and US-AEP relationships were an advantage in building alliances in Asia, particularly because most funds available were for environmental activities. Second, the actions and efforts of the bureau in Washington were extended and complemented by the knowledge, experience, and commitment of the staff in field missions. Taking account of local culture, they developed alliances with their private-sector communities as well as the broader community of partners.

Factors Leading to the Strength of Incentive Fund Alliances

ANE did several things to contribute to the strength of this record, including providing the incentive fund. ANE had a vision for public-private alliances and made a significant commitment to the GDA initiative in terms of

- staff support in Washington, both direct-hire and consultant
- incentive funds and the review process
- support to missions

Combining these factors was an effective approach. The incentive fund played an important role by supporting the creation of alliances and demonstrating what a GDA alliance is and can be. The participation of knowledgeable bureau staff and the advice of a consultant, with support from the secretariat and other bureaus, distilled the best knowledge about public-private alliances and applied it to this set of alliances. Mission staff indicated that they were already building alliances but the incentive funds encouraged them, and with support from Washington, they took more risks and developed alliances differently than they would have without that support.

This wasn't a perfect process. Communication was a problem in the early phases. At least one mission stated that communication between Washington and the field was improving over time. From the missions' point of view, it wasn't always clear why some alliances received incentive funds and others did not. The missions also did not understand why some alliances were funded by ANE and others by the secretariat. There may have been some communication to the field, but it was not enough for them to understand how the decisions were made.

The review process required serious time and effort in Washington and the field. The bureau review committee in Washington included nine members over several weeks for a total effort of several hundred hours a year. There were time costs in the missions as well. In one field mission, a partner submitted an idea that the mission reviewed and rejected. The partner then submitted the idea to the bureau incentive fund, which requested that the mission review the idea again, although it did not fund the idea itself. The partner then submitted the idea to the secretariat's incentive fund, which asked the mission to review a new version—essentially the third evaluation of the idea.

The missions also cited the support they received from ANE and the secretariat to think differently about alliances. This allowed them to take risks that they might not have otherwise taken. One mission staffer credited her GDA training with helping her think differently about alliances. The publicity carried out by the GDA Secretariat and the bureau was credited by a manager with "helping get the word out about how USAID wants to work."

In addition to the time invested by the staff and a consultant in Washington, ANE also provided technical assistance to several large missions that had the potential for alliances. The knowledge and skills gained by working with the private sector was particularly valuable to a number of missions. Some missions reported that they had some of these skills on staff, but that the additional assistance allowed them to focus and build on their efforts. The team concluded that business acumen was a key factor in the successful development of alliances.

Another key factor in the strength of these alliances is ANE's vision that bigger alliances were more likely to engage senior management of private-sector partners as well as their core business interests. In support of that vision, ANE required a two-to-one leverage ratio for the bureau incentive funds to differentiate alliances from activities and partnerships that the mission staff had worked with before. This resulted in half of the 11 GDA alliances having partner contributions of over $3 million. ANE also required that part of the contribution be in cash. (The full report discusses at length the difficulties of valuing non-cash resource contributions.) The assessment team concluded that cash should be required. However, there are a few exceptions where the resource partner contributed a technology that was unique and essential.

The team concluded, in agreement with ANE, that both cash and size can play a role in engaging senior management, as well as the core business interests of private-sector partners. These are important elements in the success and sustainability of alliances. Some GDA alliances in other bureaus lacked these elements, but they also displayed uncertain sustainability. On balance, a large alliance, including a cash contribution from the private-sector partner, is the best model for high-impact, sustainable alliances.

However, size alone does not make an alliance successful. Although early indications are that bigger alliances with private-sector cash contributions tend to lead to private-sector engagement that has the most potential for impact and sustainability, this is neither always true nor the only model. For example, the Monsanto Corn Alliance (with a $99,500 partner contribution) had an impact on a scale with its resources, and therefore is considered a good development investment. When the time and effort of Agency staff are factored in, it seems to make the most sense to pursue larger alliances.

In conclusion, ANE's vision for GDA, conveyed through the design of the incentive fund process, support to missions and technical assistance, contributed to the strength of the alliances that received incentive funds.

Observations

The team analyzed the patterns of sectors and partners in the alliances, but did not focus on centrally funded alliances. The team could not link any of these factors to the strength of ANE's alliances, but they may become important in the future.

Sectors

All alliances were either economic growth or environment; and some were both. Eight alliances included environ-

Table 4. Resource Contributions from All Partners				
(Including Estimates for In-kind Contributions)				
	Less than $1 million	$1–2.99 million	$3–4.99 million	Over $5 million
Number of alliances	1	4	2	4

ment, and the rest included either sustainable agricultural practices or energy. Two factors explained the emphasis on environment. First, most incentive funds were earmarked for environment. For example, in 2003, new funds were $10 million for environment and $3 million for agriculture. Even with the carryover of $2 million in economic-growth funds and $0.4 million more for environment, the majority of the funding had to be used for environment alliances. Second, some sectors lend themselves more readily to public-private alliances than others. This is partly because of the business skills and experience prevalent in economic-growth areas and those that developed in the environment area through the US-AEP. In other bureaus, the pre-alliance/project group demonstrates that there is potential in other sectors for alliances that can achieve development impact as well. Moreover, centrally funded health alliances also have clearly demonstrated strength.

The new initiative to develop education alliances in ANE has potential, but education staff may not have the business skills of staff working in economic growth. They may have more difficulty identifying partners and understanding the business culture, making negotiating alliances with the private sector more difficult. The bureau should give priority to support for the education sector as those alliances are developed.

Partners

Tables in Annex 3 show the 78 partners included in the 11 full GDA alliances identified by the team. The ANE average is 7 partners per alliance, compared to an average of 4.5 worldwide. This is explained by the three Indonesia alliances that average more than 12 partners each. The Philippines, India, and Sri Lanka are all similar to the worldwide average. The three multipartner alliances in Indonesia are expected to have a strong impact, but so are a number of others.

The Philippines and Indonesia alliances include multinational corporations as resource partners, while India and Sri Lanka primarily have local partners. Part of the explanation for this pattern could be that the South Asia alliances relied heavily on the relationships built during the US-AEP. The approaches are different, but there is no evidence to say which is preferable.

The ANE region has a slightly higher share of for-profit private sector partners to NGOs than the worldwide average, but it is insignificant. In alliances from all regions, there was a nearly equal split between local and multinational corporations and affiliates and NGOs. In ANE, 57 percent are multinationals and 43 percent are local. The team did not identify anything of operational importance in the analysis of partners.

Lessons and Best Practices

This section draws heavily on the *Assessment of USAID's GDA Business Model.*

- The vision for something unique called an alliance and the tactics to support that vision play an important role. Combining staff support in Washington, incentive funds, and support to missions jumpstarts the process of building strong alliances.
- The participation of resource partners defines an alliance. Resource partners should contribute cash or unique technology or knowledge that drives the alliance.
- All resource partners should be directly involved in negotiations and sign the most binding agreement that can be negotiated. The written agreement should include a common understanding of the planned development impact and the roles and resource contributions of all parties to achieve that impact.
- Alliances should be initiated by USAID staffers who have experience with the private sector. If the USAID staff members do not have business experience, an expert should be hired

(either as a direct hire or consultant) to work with them as they learn.

- Missions should concentrate resources on developing alliances for which sufficient staff time can be invested in facilitating all partners' agreement on the alliances' objectives and in working together to make decisions and solve problems.
- Investing the time and effort in planning and working together in the development of the alliance pays off in smooth (or smoother) implementation.
- "Patience, persistence, and professionalism"[2] are crucial to making alliances work.

Recommendations

ANE should continue to support alliances to achieve bureau and mission objectives, focusing on the objectives rather than the means. Because incentive funds played an important role in encouraging missions to create alliances, the team recommends that ANE shift to sustaining the momentum for GDA without a bureau incentive fund. The funds have stimulated interest and enthusiasm for this approach, but they function as an internal earmark. Like every other "carve-out," they come from the same total USAID allocation. Global development alliances are useful but should begin competing for funding like all USAID activities. Carrying out the bureau's education initiative through GDA alliances is a step forward. It shows the bureau's continued commitment to GDA alliances but also emphasizes GDA's development impact on education, rather than the demonstration effect of the GDA approach.

The team's recommendations are synthesized as follows:

- Focus Washington resources on making existing alliances work and supporting missions in the creation of new alliances by
  - continuing to support GDA alliances with management and direction from Washington
  - strengthening communication to the field, reinforcing the Bureau's vision for GDA alliances, emphasizing GDA alliances as a valuable approach, and sharing solutions to difficult problems
  - weaning missions from dependence on Washington for GDA funding, although in the short term, limited funds may be necessary to sustain the progress of some existing alliances
  - funding those regional alliances that are among the best in the Agency from mission budgets, but consider funding from Washington for a transition period of another year or so
- Make technical assistance to missions a priority for existing alliances and new alliances funded from mission budgets by
  - helping education alliances identify partners, designing the alliance, and overcoming procurement obstacles
  - helping existing alliances weather implementation rough spots, perhaps by helping negotiate written agreements to jointly solve problems or focusing attention on partners not meeting their resource commitments (either USAID or private)
- Design a monitoring and evaluation strategy that tells the bureau if GDA alliances achieve their planned development impacts (most alliances do not have this capability)

Senior ANE managers can

- Keep the bureau on message—high-level support plays an essential role by reinforcing to mission directors that GDA alliances can be successful in achieving development impacts
- Reward alliance champions in field missions and Washington with good onward assignments—there are few stronger signals of what the Agency values
- Help make GDA champions in missions available to their neighbors for advice and counsel by letting mission directors know that their staff will gain valuable experience and that alliances will be strengthened in both countries
- Help the Agency focus on the need for change in procurement policies

The high level of commitment and enthusiasm of ANE staff should be applauded. The same commitment, energy, and resources should be invested in supporting alliances to make them work.

2 With thanks to Jeff Hill at the Ghana STCP Workshop.

Annex 1. ANE Participation in GDA/ PPC Midterm Assessment

ANE's Office of Strategic Planning and Economic Studies has requested that a separate analysis and report be done as part of the worldwide GDA assessment to address issues of particular concern to ANE missions and bureau management. These issues fall well within the framework for the planned assessment,[3] and, with one minor exception (see number 2 below), can readily be incorporated without substantive adjustments to the planned methodology. The issues as identified by ANE are set out below; the response provides a reference to where they would fit in the context of the agreed assessment framework, and, in the case of the exception, how it can be accommodated:

The issues as identified by ANE are set out below; the response provides a reference to where they would fit in the context of the agreed assessment framework

3 The objectives are set out and discussed in annex 1 "Scope of Work" in *Assessment of USAID's Global Development Business Model,* April 2005 (PN-ADB-896).

1. What progress is being made in the alliances funded to date from the ANE Bureau Alliance Incentive Fund? Are they proving to have been good investments?

   See objective 2, especially questions 1 and 7. Alliances funded from the ANE incentive fund are in the GDA database of FY 2002-funded alliances, and so are included among those to be sampled for the fieldwork.

2. What other alliances have been funded from the mission's own budgets? How are they progressing? Are they proving to be good investments? Do they differ in any important respects from those funded from the bureau incentive fund?

   This issue will require adding to the sample of alliances to be studied in the ANE fieldwork-selected mission-funded alliances not included in the GDA database. It will require in turn that the assessment team collect basic data on those alliances and that the countries selected for ANE fieldwork include both alliances funded from the ANE incentive fund as well as alliances funded from the mission's budget.

3. What can be said about the effectiveness of the bureau incentive fund in promoting the use of public-private alliances in the region? Considering both the process and criteria used, what features of the fund's operation have proven to be important in achieving its objectives?

   See objective 1, question 1.

4. What other organizational factors have been important in determining how effectively missions have used alliances in their development program? These should include both bureau actions as well as those taken at the mission level, e.g., the availability of technical assistance and/or training, the expertise and/or experience of available mission staff (e.g., prior experience in partnering with private sector under earlier bureau or Agency initiatives), support by embassy and other U.S. Government agencies, etc.

   See objective 1, especially question 1. Also, with respect to mission-level organizational and procedural factors, see objective 2, question 8.

5. Reviewing the distinct approaches taken in the last two years by ANE, other bureaus, and the GDA Secretariat in promoting the use of public-private alliances (e.g., use of incentive funds vs. funding targets and other mechanisms), what lessons are there for ANE in mainstreaming the use of public-private alliances in its development programming?

   See objective 1, especially question 1. Also, objective 3, question 5 may identify functions and roles that might be carried out by regional bureaus to support broader use of public-private alliances in the future.

The team proposes that ANE's participation in the assessment be organized as follows:

- ANE will pick up all the direct costs of fieldwork to be done in that region, including preparation (including collecting basic data on mission-funded alliances) and report-writing. ANE would select its own consultant, if it so choses, who would be contracted under a PPC contract mechanism and who would work under the general direction of the GDA assessment team leader.
- The fieldwork funded by ANE will be done in countries selected by the bureau, following the general guidance provided in the attached assessment framework paper as adjusted to reflect the response to issue 2 above. It will follow the protocol drawn up for the worldwide assessment, expanded to address the particular issues listed above.
- Findings from the ANE fieldwork would be integrated into the overall assessment report and the ANE-funded consultant would participate as a member of the overall team in analysis and presentation of findings, and report-writing. In addition, (s)he would prepare a separate report presenting findings, conclusions, and recommendations following guidelines provided by ANE.

These arrangements will be reflected in the contracted statement of work.

Annex 2. Sources of Funding for ANE Alliances, Pre-Alliances, and Projects

Table 5. Sources of Funding

Alliance	Source of Funding	Funding
Full GDA Alliances		
Philippines		
Alliance for Mindanao Off-Grid Rural Electrification (AMORE)	MIF/funds allocated to mission 2002[4]	
Cleaner Fuels to Reduce Vehicle Emissions	MIF 2003[5] (part of umbrella)	$2 million
Monsanto Corn Alliance	Mission funding	
Indonesia		
Papua Bird's Head Alliance	MIF 2002[6] (Biodiversity)	$3 million
Cocoa Alliance ANE Regional Alliance	MIF[5 and 6] (Tree Crops Alliance)	$2 million (FY 2002) $2 million (FY 2003)
Timber Alliance ANE Global Alliance	MIF footnotes 5 and 6 (or Sustainable Forest Management)	$2.5 million 2002 $3 million 2003
India		
Green Business Center (GBC)	MIF/funds allocated to mission 2002[6]	
Financing Solar Electrification (Solar Financing)	MIF/funds allocated to mission 2002[6]	
India Livable Communities Initiative (Regional)	Clean Air Initiative[7]	
Sri Lanka		
Air Pollution Reduction in Land Transport	Clean Air Initiative[7]	
Ecotourism	MIF[5]	$900,000 (FY 2003)

MIF—Mission incentive funds

4 MIF Funds 2002 not allocated through review process. Source: Action Memo to Janet Ballantyne, "FY 2002 ANE Public-Private Alliance Awards," July 15, 2002.

5 Source: Action Memo to Gordon West, "FY 2003 ANE Public-Private Alliance Mission Incentive Fund Awards," June 13, 2003.

6 Source: Action Memo to Janet Ballantyne, "FY 2002 ANE Public-Private Alliance Awards," July 15, 2002.

7 The Clean Air Initiative was a subset of the 2002 Mission Incentive Funds. These proposals received a separate review process.

Table 5. Sources of Funding		
Alliance	**Source of Funding**	**Funding**
Pre-alliances and projects that also received Bureau incentive funds		
Philippines		
Sustainable Cocoa Extension Services for Smallholders Alliance for SE Asia	ANE Global Alliance[6]	
Indonesia		
Livable Communities Clean Air	Clean Air Initiative[7]	
India		
Energy Wise India	MIF[5]	
Clean Hydrogen Technologies for Three Wheeler Transportation and Distributed Power Generation	MIF[5]	
Morocco		
Scholarship for Success	MIF[6]	

MIF—Mission incentive funds

Annex 3. Private-Sector Participation in Alliances

Table 6. Private-Sector Participation in Alliances			
	For Profit	**NGO**	**Subtotals**
Local	19	7	26
Multinationals and Affiliates	17	18	35
Totals	36	25	61

Table 7. ANE GDA Alliances, Partner Types, and Partner Roles

Alliance	Partners	Partner Type	Partner Role
Philippines			
Alliance for Mindanao Off-Grid Rural Electrification (AMORE)	Mirant Philippines	PSA	RP
	Winrock	NGM	IP
	USAID		
Cleaner Fuels to Reduce Vehicle Emissions	Flying V Oil Co.	PSL	RP
	RRCG Bus Co.	PSL	RP
	Senbel Chemical	PSL	RP
	Shell Philippines	PSA	RP
	Chevron Texaco	PSM	RP
	USAID		
Monsanto Corn Alliance	Monsanto Philippines	PSA	RIP
	USAID		

Table 7. ANE Alliances: Partner Types and Roles			
Alliance	**Partners**	**Partner Type**	**Partner Role**
Indonesia			
Papua Bird's Head Alliance (Biodiversity)	British Petroleum	PSM	IP
	Cocoa Alliance ACDI/VOCA, ACRI	NGM	RP
	Conservation International	NGO	RP
	IKEA	PSM	RP
	International City-County Management Association	NGO	RP
	Research Triangle Institute	NGM	RP
	The Nature Conservancy	NGM	RP
	UK Department for International Development (DFID)	BD	
	World Wildlife Fund	NGM	RP
	Natural Resource Management	NGO	IP
	National Democratic Institute	NGM	IP
	Civil Society Strengthening And Planning	NGM	IP
	Building Institutions for Good Governance	NGO	IP
	Performance Oriented-Regional Management	NGO	IP
	Coastal Resources Management Project	NGL	IP
	USAID		
Cocoa Alliance	Masterfoods	PSM	RP
	World Cocoa Foundation	NGM	RP
	Archer Daniels Midland	PSM	RP
	Cadbury's	PSM	RP
	Dutch Government	Gov	RP
	ACDI/VOCA	NGM	IP
	Philippines Department of Agriculture	Donor	RP
	Cocoa Foundation of the Philippines	PSM	RP
	USAID		
Timber Alliance or Sustainable Forest Management	Home Depot	PSM	RP
	World Resources Institute	NGM	RP
	Tropical Forest Trust	NGO	RP
	Newbridge Capital	PS	RP

Table 7. ANE Alliances: Partner Types and Roles			
Alliance	**Partners**	**Partner Type**	**Partner Role**
Indonesia			
	Caterpillar International	PSM	RP
	McKinsey and Company	PSM	RP
	Indonesian Wood Panel Association	Trade Association	RP
	ProForest	NGO	RP
	Goldman Sachs	PSM	RP
	Global Forest and Trade Network	NGO	RP
	Edelman Worldwide	PS	RP
	ABN AMRO and other banks	PSM	RP
	British Petroleum	PSM	RP
	Association of Indonesia Forest Concession Holders	Trade Association	
	The Forests Dialogue	U	
	IKEA	PSM	RP
	ESRI and ERDAS	PS	
	Indonesia Forest Product Companies—Sum-alindo, Intracawood	PS	RP
	World Wildlife Fund	NGM	IP
	The Nature Conservancy	NGM	IP
	USAID		
India			
Green Business Center (GBC)	Confederation of Indian Industry (CII)	NGL	IP
	Government of Andra Pradesh	LG	RP
	House of Godrej	PSL	RP
	USAID		
Financing Solar Electrification (Solar Financing)	Syndicate Bank	PSL	RP
	PVTrust	PSL	RP
	Prathama Bank and other regional banks	PSL	
	ICICI	PSL	RP
	CTD	NGL	
	Winrock India	NGM	IP
	USAID		

Table 7. ANE Alliances: Partner Types and Roles			
Alliance	**Partners**	**Partner Type**	**Partner Role**
India			
India Livable Communities Initiative (Regional)	Government of Delhi	LG	RP
	ITDP	NGL	RIP
	Bus Companies	PSL	RP
	USAID		
Sri Lanka			
Air Pollution Reduction in Land Transport	World Bank	Donor	RP
	GTZ	Donor	RP
	David Peiris Motors	PSL	RP
	Sri Lanka Bus Owners Association	PSL	RP
	USAID		
Ecotourism	Aitken Spense Hotels	PSL	RP
	Jetwing Hotels	PSL	RP
	Serendib Leisure	PSL	RP
	John Keelis Hotels	PSL	RP
	Tourism Association	NGL	RP
	Maturata Group	PSL	RP
	U. of Peradeniya	U	RP
	U. of Colombo	U	RP
	U. of Moratuwa	U	RP
	Field Ornithology Group	NGL	RP
	Ecotourism Society of Sri Lanka	NGL	RP
	USAID		

TABLE 7. ANE ALLIANCES: PARTNER TYPES AND ROLES

Key for partner type:		Key to partner role:	
PSL	For profit—local/country	RP	Resource partner
PSM	For profit—multinational corporation (MNC)	RIP	Resource and implementing partner
PSA	For profit—MNC affiliate	IP	Implementing partner
PSR	For profit—regional	BP	Beneficiary partner
NGL	NGO— local/country		
NGM	NGO—multinational		
NGR	NGO—regional		
GOV	Host country federal government		
GPI	Government parastatal		
LG	Local government		
BD	Bilateral donor		
PIO	UN, World Bank, etc		
U	University		
Cont M	USAID contractor		

Annex 4. Assessment of Alliances in India

Introduction

This report is part of a worldwide assessment of the Global Development Alliance (GDA) business model, part of a USAID initiative. PPC's Center for Development Information and Evaluation (CDIE) coordinated the assessment on behalf of the Agency—specifically the GDA Secretariat and the Bureau for Asia and the Near East (ANE). CDIE and ANE funded the study.

This report presents the findings of the work done in India December 8–12, 2003.

The worldwide assessment methods included a review of background documents and materials, interviews in Washington, a web-based survey, and field visits to 10 countries. Due to the interest and support of ANE, India was one of six ANE countries selected. The findings and conclusions from the six ANE countries are summarized in *Midterm Assessment of Global Development Alliances in Asia and the Near East,* February 2004.

O'Brien and Associates International was contracted by USAID's Development Information Services (PPC/DEI) to conduct a part of the GDA midterm evaluation, specifically in the Philippines, Sri Lanka, and India. This report presents the findings of the work done in India December 8–12, 2003, and is organized into the following components:

- scope of work
- methodology used to collect and analyze data
- key findings
- conclusions

Scope of Work

In order to advance the objectives of USAID's GDA initiative, the Agency established the GDA Secretariat, which is a temporary unit reporting to the USAID Administrator. In anticipation of eventual demobilization of the GDA Secretariat, the Agency has proposed that a midterm assessment of the GDA initiative be conducted to inform and shape policy and organizational decisions around the implementation of public-private alliances within USAID.

O'Brien and Associates International was asked to focus on objective 2 of the assessment, which is to determine the effectiveness of the GDA business model as a development tool, as well as to identify the lessons USAID learned about applying the GDA business model in the field and its potential contribution to development results.

Specifically, O'Brien and Associates was asked to travel to Delhi, India to interview key USAID/India managers and partners in order to answer the following questions:

1. What progress is being made in the alliances funded to date from the ANE bureau alliance incentive fund? Are they proving to have been good investments? Should ANE continue the Mission Incentive Fund(MIF)? Should ANE provide more technical assistance? Any other ideas for what a committed regional bureau should do to push this aggressively along?
2. What other alliances have been funded from the mission's own budgets? How are they progressing? Are they proving to be good investments? Do they differ in any important respects from those funded from the bureau incentive fund?
3. What can be said about the effectiveness of the bureau incentive fund in promoting the use of public-private alliances in the region? Considering both the process and criteria used, what features of the fund's operation have proven to be important in achieving its objectives?
4. What other organizational factors have been important in determining how effectively missions have used alliances in their development program? These should include both bureau actions as well as those taken at the mission level. Have the availability of technical assistance and/or training, the expertise and/or experience of available mission staff (e.g., prior experience in partnering with private sector under earlier bureau or Agency initiatives), and support by embassy or other U.S. Government agencies made a difference?

Methodology

The methodology used in the assessment involved the review of nine alliances, including their documents such as proposals and correspondence, as well as face-to-face interviews with key alliance managers, USAID/India senior managers, and partners.

Following are the alliances that were reviewed:

- Green Business Center (GBC)
- Energy Wise India (EWI)
- Financing Solar Electrification (Solar Financing)
- Capacity Building Program in Environmental Compliance for Indian Industry (ELI)
- Clean Hydrogen Technologies for 3-Wheeler Transportation and Distributed Power Generation (Hydrogen Fuels)
- India Livable Communities Initiative (Livable Communities)
- Small Enterprise Activity Fund (SEAF)
- Children's Educational Television (Sesame)
- Quality Education and Skills Training (QUEST)

It should be noted that some within USAID feel that SEAF is not a GDA-type alliance because it is structured as a venture capital fund designed to raise capital from investors and does not fulfill some of the GDA criteria. Nevertheless, it has been included in the analysis because the mission views it as an important partnership that leverages resources that are brought to bear on development issues.

Within USAID/India, interviews were conducted with the mission's director and deputy director, director and deputy director for program support, contracts officer, and a variety of alliance managers.

Key partners that were interviewed included representatives of the Confederation of Indian Industry, ICICI banks, Energy Conversion Devices (ECD), the Louis Berger Group, and Winrock India.

All interviews were conducted according to pre-established interview guides in order to ensure that pertinent areas were adequately probed and that interviews retained consistency for viable comparison within missions and across missions.

Findings

America-India Development Alliance

One of the most interesting findings from the team's assessment in New

Delhi is that USAID/India is currently laying the groundwork for a legacy institution that will replace USAID/India and promote collaboration on initiatives to address India's long-term development. Based on improvements in key social and economic indicators, and the fact that the government has asked 14 bilateral donors to wind down their operations, USAID/India anticipates that the mission will need to find new ways to remain relevant and operate in India to make a difference.

David Heesen, Deputy Director for Program Support, highlighted USAID's dilemma when he commented that "India's GDP is $500 billion, the total aid package to India from all donors is $4.6 billion, and USAID's budget is $200 million…our assistance is a drop in the bucket as far as the government is concerned."

USAID/India's multi-year strategy aims to establish and finance a partnership fund in 2004 that, in the short term, will seek new and creative ways to deliver development assistance including innovative partnerships between India and US private and public organizations. The partnership fund, referred to as the America-India Development Alliance (AIDA), will also serve as a testing ground for a larger and more permanent legacy entity to be established towards the end of the current strategy period.

The mission has already hired a project development specialist who is responsible for promoting the adoption of new business models for conducting USAID's business in India. The specialist is overseeing AIDA as well as GDA- and ANE-funded alliances.

Origin of Alliance Concepts

The ideas and initiative for the current set of alliances in USAID/India came from different places. The GBC, Solar, and QUEST originated from USAID/India. Interestingly, the GBC concept seems to have emerged from President William Clinton's visit to India. According to Ram Berry, President Clinton committed USAID to supporting India in developing clean energy by helping set up a green business center. The idea received another boost from the chief minister of Andra Pradesh who donated government land on which to build the center.

Berry traces the concept of financing solar energy to USAID/India's efforts in promoting the use of solar energy to NGOs and banks for financing. Winrock International India, the current implementing partner, confirmed these origins in a separate discussion. USAID then took the initiative by forming an alliance with banks and contracted Winrock to manage the process. The alliance provides training to bank managers in order to increase loans to poorer villagers to finance solar energy panels, based on a microfinance lending model.

The idea for QUEST, which aims to address education quality through public-private alliances, emerged from discussion with several of the most important educational actors in India, including three of the country's largest foundations that have an education focus. According to Ashi Kathuria, who is overseeing the project, "QUEST is still in the early concept stage and is looking for creative ways to partner with the private sector."

SEAF, CET, and ELI resulted from those organizations approaching the mission directly with their respective ideas. SEAF approached the GDA Secretariat for funding and submitted a concept paper. The secretariat liked the venture capital concept and referred it to USAID/India for consideration and funding. CET was conceptualized and initiated by Sesame Workshop. According to David Heesen, USAID/India was searching for ways to combine technology with education and the Sesame concept satisfied both criteria. In a similar way, The Environmental Law Institute developed the ELI concept and submitted it to the mission for funding.

K. Baladrishnan, Regional Director for US-AEP, explained that EWI and Hydrogen Fuels have their roots in US-AEP work. The Louis Berger Group, the contractor for the US-AEP initiatives, saw an opportunity to learn from Johnson and Johnson's best practices in Mumbai and thus developed the EWI concept and submitted it to the GDA Secretariat. Likewise, ECD responded to the secretariat's request for concepts by developing the Hydrogen Fuels proposal. The GDA Secretariat passed it on to ANE for MIF funding.

The Livable Communities and ELI came about from NGOs applying directly to the GDA Secretariat for funding. The concept for the livable communities alliance originated with ITDP, an Indian NGO. Ram Berry said that ITDP responded to the GDA Secretariat call for concept papers and submitted the proposed project that called for dedicated high capacity bus routes and buses using clean fuels in Delhi. With the approval of USAID/India, the GDA Secretariat funded the project.

Coordination and Communication within Alliances

An important characteristic of the GDA business model is effective coordination and communication among alliance partners, which should result in a vibrant partnership that delivers the intended impact.

According to the USAID/India activity managers and partners that were interviewed, all alliance projects involve periodic meetings and the partners communicate via telephone and e-mail on an "as needed" basis. However, the organization that has the cooperative agreement or grant from USAID generally takes the lead in calling meetings and flagging issues. The only issue that surfaced regarding the effectiveness of communication was in EWI, where the program manager is based in Washington, D.C., and a local coordinator has not been hired. Several of the respondents indicated that they felt this lack of local coordination hindered communication at times.

The involvement of USAID/India managers in the alliances varies from project to project. In QUEST, Ashi Kathuria reported that she is actively involved in the negotiation, design, and recruitment of private-sector partners. In GBC and Solar, USAID/India activity managers seem quite involved in alliance meetings and other planning and implementation activities. In EWI, Hydrogen Fuels, Livable Communities, and ELI, the mission seems less involved and willing to defer to the implementing partners such as Berger, ECD, and ITDP.

GDA and ANE Incentive Funds and Technical Assistance

USAID/India is actually funding the majority of its alliances from its mission budget. It is providing $1.2 million to GBC, $400,000 to Solar Financing, $5 million to SEAF, and $1 million to Sesame. The mission also intends to fund QUEST. The GDA Secretariat is funding ELI and Livable Communities at $10,000 and $1.9 million, respectively. ANE, through MIF, has allocated $990,000 to EWI and $500,000 to Hydrogen Fuels.

According to Dr. Krishna Sapru of ECD, the Hydrogen Fuels project proposal originally requested $2 million but ANE asked ECD to decrease the request to $500,000, a request with which it complied. Dr. Sapru went on to explain that Debbie McGlauflin provided technical assistance in the project's design that was very valuable.

Apart from Hydrogen Fuels, the mission did not receive technical assistance from either ANE or the GDA Secretariat. The implementing partner or contractor designed most of the alliance projects and submitted proposals directly to the mission, ANE, or the GDA Secretariat for funding.

The respondents' opinions of how much the GDA Secretariat and ANE influenced partnerships is mixed throughout the mission. Heesen explained "GDA Secretariat was very helpful because it helped us learn more about partnerships that strengthen our AIDA concept." Pushkin Chandra, responsible for AIDA, attended the GDA training and has used some of what he learned in further developing the AIDA concept. However, one senior manager questions whether the GDA initiative has made any difference in the way USAID/India operates. He commented, "the GDA approach seems like a way to capture and communicate what missions are already doing. If this is useful for USAID and State to make the case to Congress, then that is fine."

Ashi Kathuria, Office of Social Development, also participated in the GDA training in Bangkok. Kathuria credits the GDA training for getting her to think about partnerships differently. She said that she is using the new way of thinking to develop a concept paper for a new girls education project, negotiate with several of India's largest foundations, and think about how to involve the private sector in the project.

Neither Chandra nor Kathuria have been able to share the learning from the GDA workshops with other mission staff. However, Heesen said he would be looking for an opportunity in the near future to bring interested staff together talk about the GDA and what Chandra and Kathuria gained from attending the workshops.

Development Impact and Leverage

One could argue that the two most important aspects of an alliance are its development impact on the beneficiaries and its resources, particularly cash investments that partners contribute.

Development impact is important because it is one of the primary reasons why USAID exists. The contribution of resources is important because, in theory, as the level of contributed resources increases, a partner's level of commitment, risk sharing, and responsibility also increases. This correlation is especially strong when the contributed resource is cash.

Development Impact. Several alliances could potentially have a significant impact.

- *Solar Financin*g. If Solar Financing occurs on the scope intended (5,000 bankers making 10 solar loans each), it could have a significant impact in the use of clean energy as well as providing electricity to villages that cannot be connected to the grid. The challenge, however, will be to convince the bankers to make these loans. Many stated that they are afraid that their top management does not support the solar financing initiative. On the other hand, the head of Syndicate Bank proclaimed that his bankers would exceed lending targets.
- *Livable Communities.* The Livable Communities could also have a substantial impact in Delhi. If the project moves forward as conceived, the municipal government will commit to developing designated high occupancy bus lanes and 30 buses that use clean fuel technologies.
- *Energy Wise India*. The development impact of EWI will depend largely on how quickly industries pick up best practices and implement them. One thing that could help advance this initiative quickly is the Bureau of Energy and Efficiency putting into place regulations promoting energy efficiency.
- *Sesame Workshop.* Another alliance that could have significant impact is Sesame Workshop. USAID/India is providing an initial $1million to launch the project and test markets. If the project can move beyond this "pilot" stage, "the impact could be huge given the millions of households in India that have televisions," explained Heesen.
- *Hydrogen Fuels.* The Hydrogen Fuels alliance is also in a pilot stage of sorts. ECD is working with Mahendra & Mahendra on a technology that could be used to convert 3-wheel taxis to hydrogen fuel. If it ends up being financially viable for Mahendra & Mahendra, the company would begin manufacturing 3-wheelers that use hydrogen fuels. While the potential impact to the environment could be huge, the project must first prove to be financially and technologically feasible.
- *Green Business Center.* The development impact of the GBC is more uncertain. The challenge for the GBC will be to move beyond a demonstration project to truly mainstreaming energy efficiency ideas into businesses throughout India. Although CII has articulated several carefully thought out objectives, how they translate into development impact beyond the actual GBC remains to be seen.
- *ELI*. The development impact of ELI is relatively modest. ELI intends to build the capacity of 150 small to medium-sized enterprises in the environmental compliance area.
- *Small Enterprise Activity Fund.* Also with a relatively modest development impact, SEAF plans to invest in a portfolio of 12–15 small to medium-sized enterprises in sectors other than technology. Given the thousands and thousands of enterprises that are in operation in India, these numbers are quite small.

Even if the mission's alliance projects have impact, such impacts may be difficult to measure. Several USAID/India managers believe many of the mission's current alliance projects will have difficulty measuring and reporting on results because they were conceived outside the USAID strategic objective (SO) framework and were born without monitoring and evaluation systems.

Partner Contributions and Leverage. In most of the alliance projects, USAID/India is contributing cash resources in the form of cooperative agreements or grants while most of the partners are contributing in-kind contributions in the form of staff time, per diem, travel expenses, and, in some cases, technologies.

The only two alliances that have a cash contribution are the GBC and ELI. The GBC funds consist of $1.2 million from USAID, $1.9 million from the Godrej Foundation, and $2.72 million in land from the Government of Andra Pradesh. This puts the leverage ratio at 4:1. In ELI, USAID contributed $100,000 that matches a $100,000 grant given to ELI by the GE Fund.

In EWI, the partners have pledged about $2 million in in-kind contributions, such as training facilities, office space, corporate energy analysis tools, and technical encyclopedias. With USAID's contribution of $990,000, the leverage ratio is approximately 2:1.

Leveraging for both Solar Financing and Livable Communities is approximately 3:1. According to the Solar Financing activity manager, USAID's contribution of $400,000 is leveraging about $1.4 million from banks in staff time, per diem, and transportation for orientation and training. In Livable Communities, USAID's input of $1.9 million is leveraging $5.6 million in new buses and road construction in the Delhi area.

In the Hydrogen Fuels proposal, ECD lists in-kind contributions from itself and Mahendra & Mahendra at $500,000, but these contributions are not valued. USAID is the only partner putting cash into the alliance: $500,000.

The leverage ratio in SEAF is impressive. USAID/India is providing a grant of $5 million that is leveraging an additional $40 million from investors in the capital venture fund, a ratio of 8:1.

While the potential long-term impact and leverage of Sesame Workshop could be substantial, in the short term the figures are small. USAID/India is contributing $500,000 of a proposed $700,000 cash budget. ICICI is contributing the other $200,000 from its corporate social responsibility funds. If the project goes to scale as anticipated, Sesame Workshop will raise funds from corporate sponsors that would significantly increase the budget to about $10 million.

New Approaches and Partners

GDA-type alliances should result in USAID developing new approaches and working with new partners in finding creative and innovative ways to address development problems. During the course of the interviews, USAID/India managers were probed to determine the degree to which the GDA Secretariat and ANE helped support the mission in this direction.

The responses were mixed. The mission was already working with the Louis Berger Group and ECD under the US-AEP initiative and with ICICI and other banks in the financing of solar power. ELI and ITDP involve new partners, but not new and innovative approaches to development. SEAF is a new approach and partner, but the venture capital fund and its investors, as noted previously, do not really fit the GDA business model criteria. The project that probably best captures the spirit of new approaches and partners is Sesame and the use of Sesame Workshop methodologies and television to educate children.

Financing Mechanisms

According to Jerry Kryschtal, Director of the Regional Contracts Office, all but one procurement mechanism involves a cooperative agreement between USAID and the implementing partner. The exception is SEAF, which received a grant due to issues involved with the profitability of the venture capital fund.

In the GBC, USAID provides funding through a cooperative agreement to CII for $1.2 million. CII acquired another $1 million from the Godrej Foundation and land from the Government of Andra Pradesh. CII is actually the owner of the green business center building.

The Louis Berger Group and Winrock India receive funds through cooperative agreements in the EWI and Solar Financing alliances. These projects look more like traditional development projects for which USAID provides funds to contractors who in turn implement the project.

The Hydrogen Fuels alliance is structured a little differently. Balakrishna explained that the "ANE Bureau provided a PASA (participating agency services agreement) to DOE (U.S. Department of Energy) who subcontracted NETL who turned around and subcontracted ECD for $500,000, which is a very complicated way of contracting that is difficult to understand."

In the ELI and Livable Communities alliances, the GDA Secretariat provides funding through cooperative agreement mechanisms directly to the implementing partners that have managed to meet the 1:1 matching leverage required by the secretariat. The level of funding is $100,000 for ELI and $1.9 million for Livable Communities.

According to Heesen, the Children's Educational Television project will involve a $500,000 cooperative agreement with the Sesame Workshop, which will look for corporate sponsors and undertake implementation of the project.

Obstacles

Most of the USAID/India activity managers interviewed felt that it was too early in the alliance process to identify obstacles that were impeding smooth implementation. However, several general obstacles were identified.

USAID managers and some partners most frequently cited USAID's procurement process as an obstacle. For example, ECD complained that the hydrogen fuels project is in jeopardy because the $500,000 funding has not been released, despite receiving a pre-award letter. Apparently, the project request is going through congressional notification, which no one seemed to know anything about.

Another major obstacle mission managers noted is the issue of competition. USAID/India managers say they are reluctant to explore some alliance opportunities due to USAID's competition requirements. Apparently, the competition rule has discouraged some managers from pursuing alliances because they were concerned that it might violate USAID rules. One activity manager commented, "The GDA APS process has been a very good way for USAID/India to get around the competition requirement but we need more such mechanisms [if] we are expected to aggressively go after these kinds of partnerships."

Many USAID/India activity managers interviewed complained that they have too much work and not enough time to respond to all the demands of their work. This was cited as a major reason why some are not anxious to explore alliances, which are perceived to be time intensive compared to more traditional project models.

Some mission managers mentioned that USAID staff do not understand what motivates the private sector and, in some cases, are uncomfortable approaching businesses to talk about partnerships. In fact, most of the alliances were initiated by organizations that ended up being contractors to USAID with a plan to work with the private sector.

Lessons

Interviewees were asked what lessons they had gleaned so far from the alliances. Below are a variety of paraphrases and quotes that represent the sorts of lessons alliance partners are learning.

- It is very important to have an alliance project manager or representative in place locally to ensure smooth communications and resolve issues, especially in a country, such as India, where relationships are very important. EWI has probably suffered to a certain extent for this reason.
- As the number of partners in an alliance increases, the complexity of the alliance increases and it becomes difficult to manage. EWI is an example.
- The Louis Berger Group has found that many public- and private-sector Indian partners do not like to put cash into projects. They prefer to make in-kind contributions, especially staff time and training.
- We found that energy can create a competitive advantage for businesses that rely on it in their manufacturing processes. The use of energy is one of the areas where a company can make or lose money. This helps make the business case for why companies should implement energy efficiency measures.
- US-AEP and GDA are similar models. US-AEP has more of a focus on a trade benefit to U.S. companies while GDA seems to concentrate more on leveraging resources from alliance partners.
- AIDA is one way to mainstream the partnership concept and get around procurement issues and competition issues because it operates outside the USAID's bureaucracy, rules, and regulations. It is a more flexible and independent mechanism that the GDA itself might consider.
- USAID does not encourage the kind of risk-taking required to develop creative GDA-type alliances. USAID managers are stretched thin and taking on something new like an alliance is something most do not feel that they can do.

Recommendations

As part of the interview process, USAID/India managers were asked what recommendations they would make to USAID Washington decision-makers, such as the Agency's Administrator or the ANE Bureau. A short summary of those recommendations is as follows:

- Currently, the memorandum of understandings that USAID signs with its partners are not legally binding instruments. Missions should have the option to sign ones that are legally binding in appropriate situations.

- USAID needs to change its procurement procedure to accommodate GDA alliances. The Agency needs more flexible and timely procurement mechanisms. Negotiating with the private sector is a dynamic process that requires flexibility, but so many of USAID's rules and regulations are rigid and slow.

- The GDA Secretariat and ANE need to help mission staff understand what exactly a GDA alliance is, as well as understand the relationship between the GDA incentive fund and ANE Bureau's MIF. Staff do not understand why some projects submitted to the GDA Secretariat were passed on ANE for funding. Also, ANE's MIF process needs to be more transparent with clearer guidelines.

- The GDA Secretariat mandate is too narrow. It needs to be broadened from that of an honest broker to more of a negotiator and dealmaker with a substantial budget to cut deals. If not, the Secretariat will never be an important pillar within USAID. Its mandate should also include promoting alliances to more businesses so they are aware of the opportunities to partner with USAID.

- USAID should encourage missions to develop alliances that will achieve a significant impact in terms of how the project improves the quality of life of people and the number of people it affects.

- GDA should be one of several USAID business models that are available to missions to select, depending on the country context. In general, GDA alliances are more appropriate for those countries that have a significant and vibrant private sector and substantial foreign direct investment. It is also a model that will become increasingly relevant.

- The GDA Secretariat should continue to exist in some form with increased responsibility for brokering large global alliances, disseminating best practices, and keeping alliance building on USAID's radar screen.

- USAID needs to improve its current performance appraisal system to better reward USAID managers for taking risks and building successful alliances of the nature that the GDA Secretariat and ANE are promoting. If managers are expected to search out and develop alliances, then it should be reflected in job descriptions.

- USAID/Washington should not provide earmarked funds to missions for alliance building because it stifles the process when new opportunities arise. For example, funds earmarked for the environment limit missions to environmental partnerships when opportunities in education or health might be available.

- The GDA Secretariat needs to identify and resolve the procurement and legal issues that are interfering with alliance building and project implementation.

- USAID should allow missions to value their in-kind contributions in the alliance contribution formula and ratio. Some feel it is not fair that partners are allowed to value in-kind contributions but USAID is not.

Conclusions

1. The America India Development Alliance (AIDA) will be USAID/India's primary vehicle for building public- and private-sector alliances between interested parties in the United States and India. In the long run, AIDA is USAID's exit strategy for India and represents a legacy institution that will live on to continue the Agency's development work. Outside of AIDA, the mission's approach to mainstream alliance building is to champion the process and lead through example.

2. USAID/India has been doing public and private-sector partnerships for many years in various forms. A limited budget has created a necessity to find creative ways to leverage additional resources. The GDA initiative has made little difference in the mission's current portfolio of alliances, although some credit GDA for getting the mission to think more creatively about alliances.

3. Many USAID/India managers are confused about what constitutes a GDA alliance and the relationship between the GDA incentive funds and ANE Bureau's incentive funds. It is unclear how and why proposals sent to the GDA Secretariat are passed to ANE for funding.

4. USAID/India managers struggle with how to balance alliance building and how to adhere USAID's strict competition rules. While the GDA APS process has been useful in helping the mission get around competition issues, USAID needs new procurement mechanisms that are more flexible in negotiating alliances.

5. Concern over violating the Agency's competition rules is causing USAID/India managers to respond to alliance opportunities in a reactive, rather than proactive, manner. Mission managers do not feel they can aggressively explore and negotiate alliance opportunities due to what they consider are restrictive competition rules. This explained why most of the mission's alliances originated outside the mission and relied on traditional cooperative agreements or grants to pass funds to implementing partners.

6. The GDA Secretariat is still needed to manage global alliances with a significant budget to bring something to the table in negotiating large partnerships. Some people thought the GDA Secretariat played a useful role but has outlived its usefulness and should end. Others, probably the majority, thought the GDA Secretariat should live on.

7. Overall, USAID activity managers are not spending significantly more time on alliance projects because they are structured more like traditional cooperative agreements and grants. The exception is QUEST, where the activity manager is involved in negotiating with foundations and the private sector.

8. Most of the alliances exceed the GDA incentive fund requirement of a 1:1 ratio and the ANE's requirement of a 2:1 leverage ratio. However, the only projects where partners are putting cash into the project are the GBC and ELI. All other partner contributions are in the forms of staff time, per diem and travel expenses, office space, and technology.

9. In nearly all of its alliance projects, USAID/India's role has been to invest its cash resources in the start-up, demonstration, or pilot phase with the expectation that, as the project goes to scale, other partners will contribute resources in excess of USAID's initial investment.

10. Although development impact is one of the most important reasons to pursue strategic partnerships, few of the mission's alliance projects have monitoring and evaluation systems, including baselines, that can capture emerging lessons and best practices as well as the actual impact on lives of the poor.

Annex 5. Assessment of Alliances in Indonesia

This report is part of a worldwide assessment of the GDA business model, an initiative of USAID. The assessment has been coordinated by PPC/DEI on behalf of the Agency, specifically the GDA Secretariat and ANE. PPC/DEI and ANE funded the study.

Assessment methods have included review of the background documents and materials, interviews in Washington, a web-based survey of randomly selected holders of USAID.GOV e-mail addresses, and brief field visits to 10 countries. Because of the interest and support of the ANE Bureau, Indonesia was one of six ANE countries selected, and it provides an excellent example of the impact of the GDA model from the perspective of both the USAID mission staff and partners involved in the alliances. This report will highlight findings and best practices from Indonesia's experiences with GDAs and provide important lessons learned for future management decisions regarding the GDA program.

This report will highlight findings and best practices from Indonesia's experiences with GDAs.

Fieldwork

The two-person team spent December 1–5, 2003, in Jakarta, Indonesia interviewing the USAID mission director, deputy mission director, program officer and representatives from the health, environment, economic growth, education and decentralized local government teams. The team was also able to meet with implementing partners and private partners from three active alliances. Of the five alliances listed in the database as being active in Indonesia, the mission was unaware of one (Incentive Fund Coffee Alliance), not engaged in one ANE regional alliance (Livable Communities—Clean Air), and very active with the remaining three (Papua Bird's Head Alliance, SUCCESS Asia Alliance—Cocoa, and Sustainable Forest Management—Timber/Combating Illegal Logging, Certification). We focused on the latter three for purposes of this assessment.

Alliances

We found the three alliances we examined to be well into implementation. Each is quite different from the others and each provides excellent case studies to inform the GDA story. The Timber and Cocoa Alliances both use replicable approaches. The Bird's Head Alliance is unique, because it focuses on a particular region with specific needs and challenges and crosses over multiple SO areas.

Timber Alliance. The Timber Alliance fits the GDA model and is an example of an alliance where two NGOs approached USAID with similar ideas. It represents an innovative undertaking, especially with regard to regional, logistical, and political challenges, and demonstrates big possibilities and a replicable approach. The idea for the alliance began in January 2002. The Nature Conservancy (TNC) and World Wildlife Fund (WWF) became aware of the GDA initiative and responded to the USAID's APS independently of each other. Because they had similar ideas, USAID suggested that TNC and WWF submit one joint proposal to address common market issues overseas. At first, the partners worried that one would have authority over the other, but USAID spent time managing relations and what the team saw was an example of two strong implementing partners working well together with a good division of responsibility.

The alliance has an environmental focus and is a direct extension of the mission's natural resource management SO to preserve the natural forest. Indonesia's tropical rain forests are being lost at an alarming rate, mainly due to the demand within Asia for timber and pulp. While two-thirds of the logging in the Indonesia is illegal, law enforcement is ineffective and a large percentage of logging is actually carried out or condoned by the military and government. This alliance provides an opportunity to work the problem from a new angle, the demand side, by encouraging major retailers, such as IKEA, Home Depot, and Lowe's, to exclude illegally cut timber from their supplies and also for USAID to work with Japan and China, important markets for exported Indonesian timber. Both implementing partners cited their business-friendly approach as a natural fit for GDA. WWF's corporate partnerships particularly made GDA a fit for their organization. USAID did not see additional risk because of their previous commitment to addressing illegal logging and because private partners, such as Home Depot and Lowe's, provided cash and other significant resources. The private companies have already purchased the first certified wood at a premium price and this alliance has provided additional opportunity for the private companies to be seen as socially responsible.

Although the alliance includes multiple funding partners who were involved in some discussions, most of the planning was done by USAID, TNC, and WWF. TNC and WWF were glad USAID did not require them to bring 20 or more partners together or implementation would have been more difficult. With USAID's input, TNC and WWF did a good job of working out their different responsibilities. For example, TNC is the overall coordinator of the Alliance and receives slightly more funding for extra staff, resources, and handling monitoring and evaluation (M&E). Responsibilities are also split geographically in a complementary pattern of relationships and funding, depending on whom each partner knows.

Financial leveraging does not appear to be the greatest benefit of this alliance. Instead, the implementing partners look to the private sector as the key to leadership and changing the way business is done. They see leadership and action taken as more important than the financial contribution. USAID sees the new partners in this alliance and access to CEOs, offices of Home Depot and Lowe's, and buyer association contacts as a significant benefit: "you can't put a price tag on it…more important than the dollar." Before this alliance, USAID had no good way of working with China and Japan to address the illegal logging issue. An example of the potential impact of this new market access is the enhanced awareness overseas of the impact of illegal logging and public pressure caused by running ads in Japan and Hong Kong. Because USAID encouraged the implementing partners to document leveraging, they were able to approach the corporate partners and pin down a commitment in writing. Although they acknowledged that it was inconvenient and time-consuming, they found it helpful as a way of testing the companies' commitment and in focusing companies that then had to discuss with senior management. TNC and WWF agreed that this is a direct result of the GDA model that they would not have been able to achieve before.

Communication and decisionmaking are working better than the partners had expected. The implementing partners have avoided forming a steering committee and prefer to avoid bringing new partners to the decisionmaking process. Regular communication, meetings, and quarterly reports, as well as active interaction with both USAID/Washington and the Indonesia mission, add to the successful implementation of this alliance.

Cocoa Alliance. The Cocoa Alliance also provides a replicable approach for the GDA business model, but is an example of an alliance that was built on an existing program and successful pre-existing relationships. The USDA started a food monetization program in 1995 with the World Cocoa Foundation, Masterfood, and Hershey to increase the quantity and quality of smallholder production through combating cocoa pod borer pests and funding farmer field training. The initial idea for the SUCCESS program started in 2000 while ACDI/VOCA was already working with the industry partners. In early 2002, the cocoa industry approached USAID, because it was aware that USAID had been active in South Sulawesi and saw the opportunity to link with USAID as a continuation of the USDA program as it was about to end. The cocoa industry had representatives in Indonesia to buy cocoa and interact with processing plants. ANE was instrumental in talking to a network of smaller partners, such as Archer Daniels, and closing the loop of partners, both of which represented new partners for USAID. The mission submitted a proposal to ANE for incentive funds and the SUCCESS Alliance was officially launched in June 2003.

The focus of the alliance on improving the quantity and quality of smallholder-grown cocoa in Indonesia and increasing incomes of cocoa farmers is a natural match with USAID's Economic Growth Strategic Objective, particularly as the team is the lead in agriculture, small and medium-sized enterprises, and trade. USAID looks at GDA as a platform for commitment. If the industry partners were involved in the activity pre-USAID, they will be involved after. For the private partners, such as World Cocoa Foundation (WCF), Masterfood, and Hershey, Indonesia is one of their main suppliers of cocoa and the producers had a growing interest in how cocoa beans were being grown. They were also concerned with long-term supply after the "witches' broom" infestation wiped out Brazilian production. Although they had several "feel-good" projects in their portfolio, they were unsure of the impact and recognized the need to bring together multiple stakeholders. On the social side, they also had an interest in helping farmers to get their fair share.

According to sole implementing partner ACDI/VOCA, risk was minimal because it already had several years of experience in the area, had reached momentum, and multiple stakeholders had an interest in the success of the program. The cocoa industry wanted to do something in development, but it was not set up to do so.

The Cocoa Alliance is a regional alliance and each mission has a separate cooperative agreement with ACDI/VOCA. At first, USAID was not sure how much money the private partners could give, but when they informed ACDI/VOCA of the leverage ratio they were looking for, the industry said they could contribute more because of the high interest in Indonesian cocoa and agreed to match USAID's contribution 6:1. The majority of the private partners' contribution is in guaranteed contracts to farmers based on the increased quality of their product and meeting the standards of the industry. This does raise the issue of how to count this toward the required leveraging ratio. The industry match is mainly a "benefit," not really a "contribution."

All partners agree that decisionmaking is very participatory, communication is effective, and barriers seem to have little impact. In consultation with each of the partners, including the farmers, ACDI/VOCA mapped out 2004 milestones of what each partner wants to accomplish. When problems arise, partners decide together how to handle them. For example, they are currently discussing how to prevent or channel the proposed government tax on cocoa, which would have an effect on all partners involved. Part of the solution was transferring this alliance to the economic growth team because of their contacts in key ministries.

As a result of this alliance, industry is already beginning to see improvements in yields, quality, and increased farmer incomes. The GDA model has also caught interest for other project ideas, such as how manufacturing plants and universities can work together to make cocoa production in South Sulawesi more sustainable. According to the private partners, USAID serves as a catalyst and a good story to attract interest from other donors, including U.S. companies, World Bank, USDA, ARS, and DFID. For the farmers, the willingness of the cocoa industry to pay a premium price, as they try to meet increased quality, is a big incentive. Farmers tend to go back to their old ways after training, but industry is helping not only to identify new varieties of cocoa, but also expanding the program to work with farmer groups to prevent this from happening and also helping them to understand quality standards.

Bird's Head Alliance. The Bird's Head Alliance is another example of a GDA that built upon previous relationships and existing contracts once the GDA initiative began. It also provides a unique application of the GDA model because of its regional focus, multiple implementing partners, and multiple SOs involved. The initial proposal was based on a broad concept. The goal of the alliance is to establish a well-planned economic boom instead of the "gold rush" chaos often left by large industrial projects in poor countries. The Papua Bird's Head Alliance project aims to provide support for development and capacity building of institutions of governance and civil society in the Bird's Head area in light of the forthcoming development of the Tangguh Bay Liquefied Natural Gas Project by British Petroleum (BP). Because of the potential for significant development resources resulting from the BP project, USAID wanted to ensure that the money would be applied in a meaningful way and wanted to help develop local capacity for future donors. USAID's principle role in the alliance is to help build the capacities of institutions to manage environmental resources, generate employment and incomes in agriculture and provide increased access to public services.

In April 2002, USAID introduced the idea of GDA at a meeting to discuss BP's activities and BP decided to co-write a proposal to apply for GDA funds. The grant was approved in August, and USAID SO team leaders and BP met to discuss which issues they wanted to address and select implementing partners. They decided to modify existing contracts and grants and gave additional funding to implementing partners to begin operating in Bird's Head. At the time, the mission and BP staff believed that this would be the fastest way to get started. In early 2003, BP organized a workshop to co-design options to move forward to GDA and in February, BP and USAID coordinated a field trip to the region with the implementing partners, which allowed partners to find commonalities and value in joining the alliance, and helped them appreciate the difficulties in getting around the region.

The alliance fits with the mission's new SO goal to bring implementing partners together in a similar place and cuts across multiple focus areas for USAID: natural resources, democracy and local governance, health, and economic growth. Each implementing partner has its own strategic objectives with regard to the Bird's Head region. BP cites financial incentives for joining the alliance, but also sees GDA as its corporate social responsibility and a "cost of doing business." The alliance also fits with BP's social strategy, which grew out of lessons learned from oil and gas companies that made mistakes with regard to human rights. For example, in choosing the site location, BP gave the local villagers the choice of staying where they were or being relocated.

Most of the decisions were made in the early stages of the alliance between USAID and BP before the implementers were on the ground. Each implementing partner works and communicates separately with BP and many do not feel they are true partners because of their limited involvement in planning of the partnership. Some said they would be working in the region with or without the GDA. All partners agree that one of the greatest challenges for this alliance is the lack of a cohesive governing body or coordinating function.

Despite the challenges facing this alliance, USAID and its partners were able to outline specific benefits to such an innovative approach, particularly the notion of collaboration in a specific region and bringing together resources that otherwise would operate separately. Implementing partners benefit by knowledge of what activities the other partners are involved in, access to technical capacity and resources of the private sector, and a platform with legitimate opportunity to connect and build new communities with local government stakeholders. The private partner, BP, benefits from an opportunity to increase the impact of its resources, added legitimacy because of USAID's involvement, USAID's expertise with areas unfamiliar to BP—such as local governance—enthusiasm from non-GDA members who want to join, cost effectiveness of working with USAID and its contacts, and added insight into USAID's way of developing relationships.

Findings

Origin of Alliance Concepts

The ideas and initiative for the three alliances in USAID Indonesia came from different places. The Timber Alliance idea came from the implementing partners that responded to the USAID APS. The Cocoa Alliance built upon an existing program and was initiated by the cocoa industry, which approached USAID. It is not as clear exactly where the idea for the Bird's Head Alliance initiated. USAID introduced the idea of GDA at a meeting to discuss BP projects and BP had already been working with several of the implementing partners in the region. The significance of this alliance is that it brought together multiple resources of partners who had similar ideas and projects and were previously working separately in the region.

In the Timber Alliance, TNC and WWF were not new to USAID, but they introduced Home Depot and Lowe's as new partners. The partners in the Bird's Head alliance were brought from pre-existing relationships, because of the limited timeframe. The Cocoa Alliance brought new partners to USAID, such as Masterfood and Hershey, because they were already working on integrated pest control systems for cocoa with the implementing partner, ACDI/VOCA.

Alliance Planning Process

All three alliances were planned jointly with USAID and at least one of the partners. USAID worked with all partners—Masterfood, Hershey, and ACDI/VOCA—in the planning phase of the Cocoa Alliance. The Timber Alliance represents a case where not all partners are involved in the planning and decisionmaking process, but the implementing partners indicated that limiting multiple partner involvement allows the partnership to be effective. Although they do have discussions with the other organizations, TNC, WWF, and USAID share the majority of the planning and responsibility. The Bird's Head Alliance is an example of USAID and the strategic funding partner, BP, sharing the responsibility of the planning with limited involvement from the implementing partners as a group. Once USAID and BP decided needs and chose implementing partners, they laid out the framework for who would do what through joint meetings with the partners.

When asked about risks, most of the implementing partners in the Bird's Head Alliance agreed they existed, but thought that risks were manageable and the potential benefits were more important. BP responded that it spent significant time discussing risks and organized the field trip to provide an opportunity for the partners to talk to each other uninterrupted. There is shared risk in the Cocoa Alliance, although less so for ACDI/VOCA because of its years of experience in the area. The most significant risk cited in the Timber Alliance is that illegal logging is very lucrative to important government officials in Indonesia, and is a risk that affects all partners.

The mission used the GDA toolkit for the sample MOU for all three alliances, which made the process move faster. It also looked at due diligence issues, but did not comingle funds so things became simple. It either unilaterally funded or put money in an SO and funded the alliance through regular mechanisms. The mission did not receive assistance from USAID/Washington or the GDA Secretariat during the planning phase of the Bird's Head Alliance because it was not allowed to have TDYs during the evacuation. As mentioned above, the ANE Bureau was instrumental in identifying and coordinating partners in the Timber Alliance.

Alliance Implementation

Communication, governance structures, and decisionmaking are all important elements of alliance implementation. According to the USAID alliance managers and partners interviewed, each alliance involves periodic meetings, regular e-mail, and quarterly reports to USAID that are then distributed to all partners. E-mail and text messaging are particularly important in the Bird's Head Alliance, where distance and remoteness of the region make telephone communication difficult. Partners in the Timber Alliance acknowledged active interaction with both USAID/Washington and enthusiasm from the mission level as reasons for easy communication.

All partners in the Bird's Head Alliance agreed that the lack of a governing body and coordinating function to bring the group together was an obstacle to successful implementation. BP added that the decisionmaking process is as good as it is going to be considering the region's remote location. The Cocoa Alliance does not currently have a specific, standalone governing structure, but has plans to build a steering committee. In contrast, the implementing partners in the Timber Alliance avoided forming a steering committee, because they prefer to keep the partnership fluid and do not want to bring new partners to the decisionmaking process.

Innovation

The farmer training schools in the Cocoa Alliance are an example of a new approach for the cocoa industry. Also, the regional approach permits the sharing of best practices and even staff across country programs (i.e., transferring ACDI/VOCA's M&E system to West Africa).

The publishing of a natural resource atlas in Indonesia is a product of the Bird's Head Alliance. USAID was already working on data collection for the project. The data USAID was looking for was a unique resource in which BP had independently already invested $2 million. BP was happy to share the data that USAID could not afford, because it otherwise would have sat in storage. The alliance enabled BP to take its project a step further and turn it into something with more impact. The integrated planning at a regional level is also an innovative approach that allows each partner to know what others are doing in the region and to see where the projects overlap.

Best Practices

USAID mission personnel, who are very enthusiastic about the new GDA model, appear to be keys to the success of alliances. Although it does require more staff time, one or two key champions, such as Anne Patterson, who is very involved in each alliance and keeps in close contact with partners, is crucial to the success and continuation of the GDA program.

The Timber Alliance provides a best practice example in M&E, which the implementing partners refer to as "Lessons Learning." Following a suggestion by the potential partner, DFID, to build in a bigger M&E component from the beginning, USAID responded by expanding the budget and the implementing partners contracted a research institute to handle M&E for the alliance. The M&E system is set up so they can trace how everything is happening and where each partner's funds are going. For example, each partner can know how much of its contribution is going toward timber tracking and the specific amount of wood saved. The idea of giving each partner a clear idea of what their money is doing can be used as a best practice for alliances in other countries.

Lessons Learned

- Alliance building is time consuming, complicated, and labor intensive, and there is a need to acknowledge the significant staff time and resources necessary. This is particularly true in the Bird's Head Alliance, which involves three of the four technical offices in developing the program, and requires the time of each to review. The scarcity of skilled staff was also mentioned. The issue of taking USAID out of the coordinating role was raised, but then is it still a GDA?
- Missions need to think about how to go about designing new GDAs in the future because of the issue of how best to engage implementing partners.
- Several GDA attempts failed because of the question of how much time to invest in private partnerships. USAID staff cited difficulty in figuring out who has the authority to make decisions because they did not know the private institutional structure (i.e., BP London vs. BP Indonesia). The alliance manager for the Bird's Head Alliance discovered at one point that two different people they thought were a part of a team within BP were on separate tracks and unaware of the other's involvement with USAID.
- Finding ways to reward initiative and innovation needs more thought. USAID needs to find a way of working with and rewarding NGOs who bring resource partners to USAID.
- Partners are concerned that the short-term nature of contracts will endanger developmental impact of the project (i.e., Bird's Head).
- A coordinating mechanism for planning is key. The Bird's Head Alliance shows the need for a governing structure and strategy and implementing coordinator, and the importance of regular communication among not just a few, but all of the partners. It takes time to build history and relationships of trust in alliances.
- Do not expect to have partners who all have capability in every way. In the Timber Alliance, WWF and TNC were the only ones with the capability to act as implementing partners for the alliance, and USAID encouraged

them to work together. However, there is a need to address the question of what to do in the future when multiple NGOs have capability.

- Preparing specific MOUs that clearly identify roles and responsibilities is very important for good implementation.
- Top down operation of the GDA from Washington inhibits creativity from local private and non-traditional partners.
- Partners and some mission staff need more clarity on the GDA process and definition.
- There is a need to avoid administrative barriers, such as rewriting proposals, and focus more on the real opportunities.
- Donors can play a catalytic role in helping to design partnership incentives for overcoming transaction costs.
- NGOs need to see that they will actually get more credit by acknowledging the role of partners in their implementation reports, rather than trying to claim too much success themselves.
- For other countries with governance problems, GDA could be a powerful way of leveraging USAID's decreasing influence as the influence of the business sector increases.

Recommendations

As part of the interview process, USAID Indonesia Managers were asked what recommendations they would make to USAID decisionmakers in Washington, such as the Administrator, or the assistant administrator of the ANE Bureau. The following recommendations are taken from the interviews with USAID mission staff and partners in the alliances.

From USAID staff

- GDA is a good model, but it is not "one size fits all;" there is a need to think about where the model will work best.
- Funds should be given to the missions and let them do their own strategies; central Agency money used for GDA means less money for the mission and reduces flexibility and creativity.
- The mission needs to be more involved from the beginning: GDA/Washington needs to be aware that missions exist and are the "lifeblood."
- Washington no longer needs to convert missions to the new GDA business model because they already recognize its importance; Washington should take the following view: "Let's get together and figure out what approach works best."
- The GDA model should be integrated into the way the mission does business; it will receive better support if it is a part of mission strategy instead of a "you must do this" approach.
- Support decentralization of the GDA Secretariat.
- The secretariat is not necessary if it does not provide resources, but liaison is helpful as conduit of information to the field. It needs to be impartial and active as a service function for the Agency.
- Washington is sending mixed signals and needs to clarify how the GDA process will work.

From partners

- USAID should look at longer term projects and private and implementing partners partners with long-term interest: "If BP can stay, why can't the contract be longer?"
- There should be more coordination among partners and better governance.
- Building in incentive and opportunity to play a role can be a way for people in host countries to play a role in expanding the program.
- There is a need to bring together key people in the local area (multi-stakeholders, government, churches, etc.) and see what they want and involve them in planning (Bird's Head partner recommendation).
- Memoranda of understanding with USAID and local government would be useful.
- Need a management unit (a separate contractor) between all partners that does not control the money, but coordinates and provides the big picture. There is no need for a new secretariat, but for a staff person contributed by BP or USAID.
- The GDA model is adequate, but there needs to be a clearer idea upfront about how USAID works and

frontloading learning (i.e., developing a newsletter, disseminating best practices).

- It is better to have one coordinating company with local components because it would be more effective in getting the group together, have greater ability to be more transparent, and decrease lag time (recommendation from Bird's Head partner).
- USAID involvement should continue beyond the contract, that is, as a board member.
- USAID needs to increase understanding of procurement constraints during the development of the proposal.
- There is a need to focus more on the host government as a full-fledged partner, making financial and in-kind contributions.
- It is important to have one or two key points of contact at USAID for each alliance.
- Go through existing contacts to set up new ones for guidance.
- USAID needs more developed formatting guidelines and clear deadlines and definition of terms (i.e. "leveraging").
- USAID needs to make clearer to more organizations how to become involved and work the GDA process.
- It would help to develop a model that would allow partners to spend money in other countries without being tied to Indonesia or affecting current contracts, and to figure out ways other countries can contribute to an alliance to share the budget burden.

Conclusions

The Indonesia mission has been involved in public/private partnerships since before the GDA initiative began. The mission supports the concept of GDA and has built upon good projects and ideas, which have primarily used existing resources. Mission staff, particularly senior management, definitely see the potential benefits of successful GDAs and big ideas and new visions have resulted from the mission's experience so far. A huge challenge has been tackled in the Bird's Head Alliance. Business approaches in the cocoa and timber alliances show replicable potential. "Specific" private-sector commitments have been obtained and significant leverage resourcing has resulted. The existence of GDAs has also generated new interest in USAID programs and objectives.

The GDA experience in Indonesia demonstrates that it is hard to implement alliances from afar. The Indonesia mission has experienced challenges with evacuations and other disruptions, difficulty traveling to and communicating with remote locations (Bird's Head), and staff-intensive start-up periods.

While mission management is very supportive of GDA, not everybody is ready to adopt GDA. There is a misconception among some mission staff that if a partnership does not use GDA funds, it is not a GDA. We repeatedly heard from mission staff questions such as, "Does it need to be a GDA?" and "Are GDAs any different than mission programs?" The perception of the senior management is that many in Washington think the mission does not get it, but they do. They also think that GDA/Washington needs to improve communication with the mission. The specific example given to the team in the interview was that the mission rejected 99 percent of APS responses because they had no substance, were uncoordinated, and did not reflect country knowledge. They were sent to the mission after the fact and resulted in a time-consuming and wasteful process for the mission because the mission was not involved in the earlier stages.

Because the GDA programs in Indonesia are not at the core of the new strategy, and seen by many as a higher risk than other projects in the portfolio, this is a reason to take a look at whether or not they will continue the program without the incentive funds of the Agency. Yet, USAID/Indonesia is clearly "on-board." If there is no ANE incentive fund this year, USAID/Indonesia is looking to commit resources from the mission and will continue public-private partnerships with or without GDA.

Recommendations for the Mission

The following are recommendations the team made to USAID/Indonesia and suggestions for things that need more thought.

- The Bird's Head alliance is a complex set of activities that take place in distant places. It appears to the team that a mechanism (and possibly even a contracted-for person) needs to be put into place in order to coordinate, facilitate, and integrate the many implementers into a more strategic whole.
- The mission has many possible public-private partnerships under con-

sideration. Conducting an internal workshop on this business model and deciding how engaged the mission wants to be with GDA alliances would appear to be very beneficial to the mission, the ANE Bureau, and the Agency's learning process as it reviews its definition of GDA alliances.

- The mission is engaged in the development of an exciting and ambitious new strategic development plan. This plan incorporates alliances as a part of its operating model. Yet, there is some concern in the mission that, by the time the strategy is approved, the pressure to obligate funds will make it very hard to even consider alliances as an option. If the mission can address this issue earlier in its planning process, it may help to mitigate the procurement time bind.
- The mission's implementers are also wondering what the mission's intentions are regarding the way in which it will obtain services. Particularly if alliances are being contemplated, the implementing community would appreciate some indication of the mission's thinking.
- If the mission plans to include the use of alliances in its new education initiative, then some Agency best practices in these kinds of alliances would probably be useful to the program manger for this component of the strategy. The team has learned that most alliances are in other sectors, but there are some possibilities that the GDA Secretariat can share if the mission wishes to utilize that resource.
- The team found that the enthusiasm and energy that went into the design and start of the mission's alliances are hard to maintain. This is only natural as mission staff turn over and take on new challenges. Mission management leadership will be needed to find creative ways to maintain the momentum of these very impressive alliances to keep the enthusiasm high as the activities move into the implementation thicket.
- The three alliances that the team reviewed all implied a healthy level of Indonesian beneficiary involvement. However, there was considerable evidence that much of the perception of involvement is not totally born out by the facts. The mission may want to think through whether the beneficiary partners are really partners in the alliances or actually are recipients of technical assistance.
- The team strongly recommends that the mission give itself a collective pat on the back. All the three alliances are innovative and exciting ways to advance the mission's development agenda. The team greatly appreciated the opportunity to observe these partnerships in action.

Interviews

Mission Staff

Bill Frej, Mission Director
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Jon Lindborg, Deputy Mission Director
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Richard Hough, Program Officer
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Anne Patterson, Rural Environmental Management, Office Director
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Wouter Sahanaya, CTO, GDA Cocoa Program
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Bruno Cornelio, Economic Growth, Office Director
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Jessica Tulodo, DLG
(USAID: 7 years, private sector: 1 yr. Jtulodo@usaid.gov)

Molly Gingerich, Director, Office of Health, Population and Nutrition (USAID: 20 years as direct-hire, 3 years as PSC, private sector: 10 years. Mgingerich@usaid.gov)

Partners

Birds Head Alliance

Karla Boreri, Consultant to BP Indonesia, British Petroleum (boreri@bp.com)

Tim Brown, Chief of Party, Natural Resources Management Program (brownth@nrm.or.id)

Tom Cormier, Deputy Country Director, National Democratic Institute (tcormier@cbn.net.id)

Coastal Resources Management Project

Building Institutions for Good Governance (BIGG)

Performance Oriented Regional Management (PERFORM)

Civil Society Strengthening Program (CSSP)

Timber Alliance

Hessy Basari, Asia-Pacific Grants Specialist, TNC (sbasari@cbn.net.id)

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Cocoa Alliance

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Bill Guyton, President, World Cocoa Foundation (Bill.guyton@worldcocoa.org)

Partner Data Sheets: Indonesia	
Papua Bird's Head Alliance (Biodiversity)	
USAID Sector:	Environment, Democracy and Local Governance, Health, Natural Resource Management
Value of Alliance in US Dollars:	Bureau Contribution $3,000,000 Total Partner Cash $6,000,000
Name and Position of Persons Interviewed (primary contact for this information):	Anne Patterson, Office Director, Rural Environment Management, USAID-Indonesia (Primary) Jessica Tulodo, Democracy and Local Governance, USAID-Indonesia British Petroleum (BP) Natural Resources Management Project Coastal Resources Management Project Building Institutions for Good Governance (BIGG) Performance Oriented Regional Management (PERFORM) National Democratic Institute (NDI) Civil Society Strengthening Program (CSSP)
Location and Date of Interviews:	NRM's Offices, Jakarta, Indonesia, on December 2 & 4, 2003

Papua Bird's Head Alliance (Biodiversity)			
Name of Partner	**Type of Organization**	**Type of Resource Contributed**	**Value of Resource**
British Petroleum	Private Business		$6,000,000
Natural Resources Management Program	Implementing Partner		
Coastal Resources Management Project	Implementing Partner		
Building Institutions for Good Governance (BIGG)	Implementing Partner		
Performance Oriented Regional Management (PERFORM)	Implementing Partner		
National Democratic Institute (NDI)	Implementing Partner		
Civil Society Strengthening Program (CSSP)	Implementing Partner		
Cocoa Alliance ACDI/VOCA, ACRI	NGO		
Conservation International (CI)	NGO		
IKEA	Private Business		
International City/County Management Association	NGO		
Research Triangle Institute (RTI)	Private Business		
The Nature Conservancy (TNC)	Foundation/Philanthropist		
United Kingdom Department for International Development (DFID)	Bilateral Donor		
World Wildlife Fund (WWF)	NGO		
Total Partner Contribution			**$6,000,000**

Partner Data Sheets: Indonesia (cont)	
SUCCESS Asia Alliance (Cocoa)—ANE Regional	
USAID Sector:	Agriculture, Economic Growth
Value of Alliance in US Dollars:	Bureau Contribution $3,000,000 Total Partner Cash $38,000,000
Name and Position of Persons Interviewed (primary contact for this information):	Anne Patterson, Office Director, Rural Environment Management, USAID/Indonesia (Primary) Robert Rosengren,Team Leader, Success Alliance Bill Guyton, President, World Cocoa Foundation
Location and Date of Interviews:	NRM's Offices, Jakarta, Indonesia, on December 4, 2003 WCF Offices, Washington, DC, on December 19, 2003

SUCCES Asia Alliance (Cocoa)—ANE Regional			
Name of Partner	**Type of Organization**	**Type of Resource Contributed**	**Value of Resource**
World Cocoa Foundation (WCF)	Trade Association		
Masterfood	Private Business		
Archer Daniels Midland	Private Business		
Cadbury's	Private Business		
ACDI/VOCA	Implementing Partner		
PhilippinesDepartment of Agriculture (DA)	Federal/National Gov Agency		
Cocoa Foundation of the Philippines, Inc.	Private Business		
Dutch Government	Federal/National Gov Agency		

Partner Data Sheets: Indonesia	
Sustainable Forest Management (Combating Illegal Logging, Certification)	
USAID Sector:	Agriculture, Economic Growth
Value of Alliance in US Dollars:	ANE Bureau Contribution $3,000,000 GDA Contribution: $3,000,000 Total Partner Cash $14,050,000 (cash & in-kind)
Name and Position of Persons Interviewed (primary contact for this information):	Anne Patterson, Office Director, Rural Environment Management, USAID/Indonesia (Primary Hessy Basari, Asia-Pacific Grants Specialist, TNC Rod Taylor, Asia Pacific Forest Coordinator, WWF Nigel Sizer, Director, AP Forests Program, TNC Moray McLeish, GDA Manager, TNC Yudi Iskandarsyah, Deputy GDA Manager, TNC
Location and Date of Interviews:	TNC's Offices, Jakarta, Indonesia, on December 3, 2003

Sustainable Forest Management (Combating Illegal Logging, Certification)			
Name of Partner	**Type of Organization**	**Type of Resource Contributed**	**Value of Resource**
World Wildlife Fund (WWF)	Implementing Partner NGO		
The Nature Conservancy	Implementing Partner Foundation/Philanthropist		
World Resources Institute	NGO		
Tropical Forest Trust	NGO		
Newbridge Capital	Private Business		
Caterpillar International	Private Business		
McKinsey and Company	Private Business		
Indonesian Wood Panel Association	Trade Association		
ProForest	NGO		
Goldman Sachs	Private Business		
Global Forest and Trade Network	NGO		
Edelman Worldwide	Private Business		
ABN AMRO and other banks	Private Business		
British Petroleum	Private Business		
Association of Indonesia Forest Concession Holders	Trade Association		
American Forest and Paper Association	Trade Association		
The Forests Dialogue	Higher Education		
IKEA	Private Business		
ESRI and ERDAS	Private Business		
Indonesia Forest Product Companies—Sumalindo, Intracawood	Private Business		
Total Partner Contribution			**$14,050,000**

Annex 6. Assessment of Alliances in Jordan

Introduction

This report is part of a worldwide assessment of the Global Development Alliance (GDA) business model, part of a USAID initiative. The Center for Development Information and Evaluation (CDIE) coordinated the assessment on behalf of the Agency—specifically, the GDA Secretariat and the ANE Bureau. CDIE and ANE funded the study.

The assessment methodology included a review of background documents and materials, interviews in Washington, a web-based survey, and field visits to 10 countries. Due to the interest and support of the ANE Bureau, Jordan was one of six ANE countries selected. Although Jordan was initially identified as a country with little ‘official’ GDA alliance activity, this assessment found that the mission has active and routine experience with private-public partnerships.

> **INJAZ is a Jordanian NGO that manages an extracurricular program that uses 500 volunteers to serve as role models and teach courses.**

Jordan Fieldwork

The two-person assessment team spent December 2–4, 2003 in Jordan interviewing the mission director, the director and deputy of the program office, the regional legal advisor, a contracts officer, office directors for economic growth, water, resources and environment, and GDO, as well as alliance managers. Partners from INJAZ, AMIR project, Citibank, and the Jordan Education Initiative were also interviewed. A full list of interviews is included below.

The Partnerships

INJAZ

INJAZ, meaning “achievement” in Arabic, is a Jordanian NGO that trains high school and college students in entrepreneurial skills. Begun by Save the Children and modeled after the Junior Achievement program in the United States, INJAZ is a Jordanian NGO that manages an extracurricular program that uses 500 volunteers to serve as role models and teach courses including life planning skills, company operations, basic economics, basic marketing, leadership, success skills, and business ethics. Compared to the average

Jordanian student, graduates of INJAZ are expected to find employment faster, contribute more on-the-job, demonstrate greater entrepreneurial skills, and receive higher compensation packages. USAID has contributed $4.9 million to the project, while private-sector cash and in-kind donations are estimated at $950,000.

Currently, INJAZ reaches about 13,000 students per semester, up from fewer than 300 during the program's first year in 1999. They expect to have 3,000 teachers trained by the end of the year.

INJAZ owes much of its success to the enthusiastic support from the Jordanian private sector, which contributes funds and volunteers to sustain the program. INJAZ's sponsors and sources of volunteers include 60 of Jordan's largest companies. In addition, 22 schools are matched with private-sector companies that provide resources and support for them. The organization is actively focusing on the private sector to attain sustainability. The executive director is working to build an active board of directors, each of whom will donate personally to the organization. Furthermore, INJAZ continues to identify company sponsors for schools and foundations to contribute to their endowment.

INJAZ has already made a substantial impact on the education scene in Jordan. The Ministry of Education was initially unwilling to endorse INJAZ, but has recently incorporated the program into its national education requirements. Moreover, INJAZ has been so successful that it is being used as the model for an upcoming ANE Regional USAID/Junior Achievement alliance initiative. While the mission appreciates the compliment, it has incurred some costs:

- There was some thought that the current director of the INJAZ would manage the regional initiative and the mission was concerned about this undercutting their project. It was negotiated that the mission project would remain independent and the regional project would not be implemented in Jordan.
- It should also be noted that the mission originally reviewed this idea and turned it down. Then the mission had to review it when it was submitted for MEPI funding and again turned it down. The GDA Secretariat said "yes" and that is what led to the final negotiation.
- Even though the project isn't being implemented in Jordan, it will be based in Amman. The contracting action was delegated to the mission contracting officer from Washington on September 19 with no prior notice and a deadline of September 31.

All of these required substantial time and effort. Nevertheless, the mission considers the regional initiative a positive progression of what INJAZ has begun.

ICT-Case-King Abdullah

Through its Achievement Market-Friendly Initiatives and Results Program (AMIR), USAID did a feasibility study for the King Abdullah Fund and the Case Foundation partnership to implement information technology knowledge stations in underserved regions of Jordan. Knowledge stations provide 10–50 computers and the training for people in the area to learn how to use them. The University of Jordan is using them to teach courses and there are plans that the newly established centers would also provide e-services employment opportunities for rural women who, because of local tradition, do not work outside the home.

To date, 75 knowledge stations have been established, with a goal of 100 by the end of the year. USAID contributed approximately $150,000 through AMIR for a feasibility study to produce a sustainability plan and additional grant options for the knowledge stations. The Case Foundation has promised $250,000, with additional funding from the King Abdullah Fund and other organizations.

The original idea for the initiative came about through the friendship between King Abdullah and Steve Case, who shared the vision of improved information technology access and training in Jordan. The Case Foundation came to the mission for an assessment to help make this sustainable in the long run. AMIR's role in the project was facilitated by another personal connection between the Case Foundation and Chemonics, the company that administers the AMIR contract.

The assessment team understands that this pre-GDA-like alliance appears to have provided fertile ground for a new Jordan Education Initiative. The initiative began when King Abdullah attended the World Economic Forum in Davos where the information technology Telecomm Board of Governors (specifically 19 CEO members) agreed to help Jordan. Cisco took the lead in asking the Government of Jordan to design a program, which resulted in a project charter document that is the framework for partnership with information technology companies.

The project manager in the Ministry of Information and Communication Technology had already worked with AMIR on the information and communications technology assessment mentioned earlier. That made him particularly well versed in the issues of technology and education and thus able to play the key role in developing the project charter document.

Functionally, the project charter document includes modules that companies can support. According to Emil Cubeisy (interviewed December 4, 2003), several examples from amongst the 12 partners are as follows:

- Cisco Systems has provided $3 million in in-kind contributions to develop an e-math curriculum. It has worked with a Jordanian company to refine the program for Jordan, including an Arabic translation.
- IBM has invested $350,000 implementing "KidSmart," a program to computerize kindergartens.
- Intel has contributed $300,000 to train 2,300 teachers in 20 discovery schools, pilot schools that "serve as a test bed of how information and communications technology can enable new pedagogy and facilitate learning, creativity, and innovation," according to the project charter document.
- Fastlink, a Jordanian cell phone company, contributed $1 million for a science curriculum.

However, another example shows some of the difficulties of the initiative:

- One company's rules only allowed it to provide matching grants. Because this particular program is designed to generate private-sector participation, the government was not able to take advantage of the matching grant because it had no mechanism to match the funds.

USAID's role in the education initiative has been limited, but according to the director of the GDO office, the mission has provided $1 million for "connectivity." The project manager from the ministry was clear that this was a program for private-sector contribution—not public. At the same time, he seemed to want to make a good impression for possible future funding.

The Government of Jordan is investing $380 million in education reform, working toward a sustainable model. USAID's current link is to this broader strategy, which currently includes nine donors. There are linkages between the Jordan Education Initiative and the education reform program so it is likely that USAID will continue to play the role needed.

As-Samra Wastewater Treatment Plant

USAID is working with Jordan's Ministry of Water and Irrigation (MWI) and a private-sector consortium to rebuild the As-Samra wastewater treatment plant using the build-operate-transfer (BOT) model. USAID provided a $78.1 million grant, the MWI contribution is $13.9 million, and the balance of $22 million comes from the private-sector consortium composed of Ondeo, Ondeo Degremont, Inc., and the Morganti Group. The project will be principally funded through the Arab Bank group.

The replacement of the overloaded As-Samra wastewater treatment plant has been a national environmental priority for years. The As-Samra plant was not prepared for the rapid population growth Amman has experienced in recent decades. The new plant will provide proper treatment of wastewater for about 1.9 million people in the Greater Amman area. The improved plant will also ensure the safety of the water's re-use for irrigation, promoting the health and well-being of thousands of Jordanians.

The BOT type of contract has been around for some time but this is the first use in Jordan, the team was told by the mission technical officer. Functionally, the private-sector consortium invests $22 million; they are hired to build and operate the plant for a specified number of years, at which time the ownership is transferred to them.

There will be a project management unit in the ministry to manage the BOT contract. USAID's technical officer plans to make weekly visits to the construction site, indicating his expectations about shared responsibility. The technical officer stated that the risk involved is "the potential for default that reflects on all parties." Part of the long planning process was developing a plan for a follow-on if there is a default. The substantial equity involvement from all parties, together with the lengthy and careful planning process, are expected to assure that this will work.

The level of risk-sharing among the stakeholders has been an issue. The lending bank was particularly worried and wanted some kind of risk insurance, initially from USAID. USAID refused to jointly address their letter of commitment with the MWI to the bank. In the end, the bank appealed directly to the ministry, who, in turn agreed to provide the bank with a separate guarantee.

Although the magnitude of the project has required substantial time, money, and negotiations, the As-Samra BOT project has proven to be a major accomplishment in enhancing private-sector participation in infrastructure development. It is the first public-private infrastructure partnership in Jordan and the first USAID-financed infrastructure project under a partnership between a host country and the private sector anywhere in the world. Furthermore, it is the first time the BOT approach has been used in Jordan. While it is not a true GDA "alliance," it is an innovative method for attracting private-sector participation to the region.

Findings

The Idea

In Jordan, the King leads the way in making connections with the private sector and the mission. This three-way relationship typically operates through

- public sector leadership, initiated by the King and followed up by ministries
- private-sector participation, both for-profit and not-for-profit
- USAID support as needed

There are several instances of very small USAID investments, mostly in studies, that played important roles at key points in programs such as information and communications technology and the Jordan Education Initiative. USAID's investment of several hundred thousand dollars for the education business plan and for the strategy plan for information and communications technology "leveraged" substantially more, but this argument seems fairly presumptuous. The emphasis on leveraging large sums of money sounds like USAID identified the idea independently, and convinced the other actors to invest the big money.

While partnerships exist all over the place in Jordan, most are in the pre-GDA alliance stage. The partners come to the mission because of its large resources and because of the reputation it has successfully built up. The mission has vehicles, such as AMIR, which give it some flexibility to respond to requests—certainly on the scale of studies—and the mission plays a facilitating role. However, while many of the partnerships, such as AMIR-Case-King Abdullah and INJAZ, could potentially be alliances, they lack the specific elements of a true GDA-alliance.

Joint Planning and Shared Risk and Responsibility

In the Economic Growth SO team, there is regular and frequent communication with all partners. The office exemplifies a typical business environment, where things move quickly and constant cell phone communication is a necessity. The office took a lead in many of the private-sector relationships. For example, the information and communications technology education activity started in this office due to its strong information technology emphasis and moved to the GDO office as that office expanded to include education. Still, at this point USAID has only funded a feasibility study, which does not meet the joint planning and shared risk and responsibility requirements of GDA alliance building. Similarly, INJAZ, also managed by this office, has the potential for a greater degree of private-sector participation. Recently, INJAZ partnered with Intel, where in return for a monetary donation, INJAZ "Arabized" information technology curriculum for use in classrooms. This type of partnership may pave the way for greater joint planning and shared responsibility.

The largest 'leveraged' resources were observed in the As-Samra project from the water office. However, because it is a BOT activity, and because all of the private partners will eventually own the water treatment plant, there is little difference between As-Samra and a traditional USAID private-sector investment project.

Alliance Implementation

All partnership activities are part of the mission's new strategic plan. The mission forges partnerships when they make sense for the strategy—not in order to respond to the GDA initiative. Indeed, most of the partnerships observed predate the GDA initiative.

No outside technical assistance was provided. GDA training did not play a significant role in partnership activity in Jordan either. The staffs in the economic growth office and the water office had relevant experience working with the private sector, which made it easy for them to be responsive.

The AMIR contract continues to serve the mission well. It is large, flexible, and has experienced staff. The staff expressed interest in future partnering opportunities that the GDA Secretariat might be aware of. The director specifically said that they have a window of another 18 months in which to take advantage of these opportunities before the project ends.

For a mission with money, the GDA incentive fund does not appear to be a motivation. One mission staff member stated that, "I'll build an alliance if you tell me I have so much money. But I'm busy and not going to waste my time competing for money I may not get."

Obstacles

Jordan is reportedly quite successful in attracting multinational private-sector participation. However, public-private partnering in the Jordanian for-profit private sector is still a new idea. For example, the mission has a wholesale funding facility with four microfinance institutions that are guaranteed by funds administered by Citibank. Citibank's role was sufficiently innovative that they included it in their annual report. When asked why they would fund small charitable projects but not the microfinance facility, the general manager of Citigroup/Jordan said she hadn't thought of it before but that the money she had was too small to make a difference anyway.

In another proposed project, a private company saw "partnering" as a way to enhance its profit. The mission was in the early stages of involvement with the company that volunteered to donate land for a public building such as a hospital. The mission discovered that the land would be the centerpiece for a housing development project and that the company was overly motivated by profit.

The type of partnering in INJAZ, which relies on volunteerism and corporate social responsibility, is a new concept in Jordan, making it that much more difficult to recruit new partners. Few companies have developed social responsibility programs, so it may take awhile for the idea to catch on.

Another obstacle in attracting private-sector investment in Jordan is regional political instability, according to the executive director of INJAZ. This is especially true for international private investors, who prefer lower-risk opportunities. This also created problems for the information and communications technology partnership, where effective communication with all partners was hindered by the Iraq War and the distances involved.

The greatest obstacle for As-Samra involved the intensive time commitment. Much of the mission's four-year time investment was spent on the contractual and legal negotiations it took to reach agreement among the partners. This is understandable considering the resources involved and the innovative nature of the project.

Innovations

The most notable innovations are the opportunities created in Jordan by the use of new information technologies. As exciting as this is, the mission could play an important partner role by highlighting and supporting the importance of monitoring and evaluation. Along with spectacular opportunities comes the possibility for spectacular failures. The mission's involvement in education reform would offer a likely avenue to partner around evaluation for education.

Lessons and Recommendations from Interviews in Jordan

- It takes longer to recreate something designed in Washington than to work it through on the ground. The regional Junior Achievement activity was modeled on the mission's project but created elsewhere with insufficient mission input. One staff member recommended that programs be designed by utilizing field resources and experience. It should be noted that this picture is somewhat different for a staff and resource-rich mission like Jordan than it might be for smaller missions.

- People lose interest when they are told to rename something they are already doing as a "GDA" and, in turn, are required to submit extra paperwork.
- Personality and individual commitment to partnerships are of key importance.
- Up front time is significantly increased with partnering activities.
- What the mission called "hard MOUs" facilitate stronger commitments from partners. Although these MOUs require more preparation and planning time, they result in legally binding commitments that leave little room for misinterpretation. The mission has found that it saves time in the long run.
- When mission staff are invited to a workshop they can't attend, they would like to see the materials or lessons that came out of the workshop.
- The contracts officer and the CTO should either both be in the mission or both be in Washington.
- GDA is not a new way of doing business in Jordan.
- The value is in non-traditional partners; bringing in people who haven't been in the game before. This is also what makes it challenging and fun.
- Public-private partnerships are very personnel intensive.
- One size does not fit all. It requires expertise to get a model to work well in the specific circumstances. This comment was about the BOT model but may have interesting implications for INJAZ as well.

Conclusions

The team went to Jordan with the expectation that it was a mission with a low level of alliance building activity. What the team found was a mission very active in public-private partnering, open to possibilities, and as flexible as situations allow but focused on a mid- to long-term strategy. Though the team was not able to identify one clear example of a GDA alliance, the mission offers valuable experience with public-private partnerships and numerous potential GDA alliances to strengthen the future development of the GDA initiative.

Interviews

December 12, 2003

Jim N. Barnhart, Director, Economic Opportunities Office
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Anne Aarnes, Mission Director
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Peter Malnak, Director, Office of Social Development and Governance
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Maha Alshaer, Project Management Specialist/Education
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December 3, 2003

Jim Franckiewicz, Director, Office of Water Resources & Environment
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December 4, 2003

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Annex 7. Assessment of Alliances in Morocco

This report is part of a worldwide assessment of the Global Development Alliance (GDA) business model, part of a USAID initiative. The Center for Development Information and Evaluation (CDIE) coordinated the assessment on behalf of the Agency—specifically the GDA Secretariat and the Asia/Near East (ANE) Bureau. CDIE and ANE funded the study.

Due to the interest and support of the ANE Bureau, Morocco was one of six ANE countries selected.

The assessment methods included a review of background documents and materials, interviews in Washington, a web-based survey, and field visits to ten countries. Due to the interest and support of the ANE Bureau, Morocco was one of six ANE countries selected.

Morocco Fieldwork

The two-person assessment team spent December 8–12, 2003 in Morocco concentrating on two programs: Scholarship for Success and Cities Alliance. They interviewed the mission director, the program officer, the education team leader and alliance manager, and the urban development advisor in the democracy/governance office of the mission. They also interviewed a health officer about centrally funded health activities.

The team was only assessing two potential alliances, which enabled them not only to meet with the president and vice president of the Committee to Support Scholarships for Rural Girls (CSSF), which manages the Scholarship for Success program, but also visit a girls' dormitory in Mochrane. The team also spent a day in Tetouan to investigate the Cities Alliance project, meeting with the Urban Forum of Morocco (FUM) staff, representatives of the private sector who had participated in the City Development Strategy, a visiting Cities Alliance team, and the local governor. The team conducted interviews using the field interview guides that were used by all 10 field teams of the worldwide assessment.

Alliances

Scholarship for Success—Morocco Girl's Education

The GDA Secretariat awarded a $200,000 grant to the Committee to Support Scholarships for Rural Girls (CSSF) to send rural girls to middle school. CSSF, a Moroccan NGO, also received a $240,000 grant from the State Department's MEPI fund in 2003, with an additional $300,000 proposed for 2004. Contributions from the private sector are currently estimated at $100,000, although the original estimate was higher.

The initial idea for the creation of the CSSF came from the National Conference on Girls' Education in the late–1990s that was facilitated by the centrally funded Girls Education Activity (GEA). Retaining girls in primary schools in Morocco has been difficult, particularly in rural areas, due to the lack of middle school opportunities. CSSF is addressing this middle school bottleneck with an innovative approach. The organization partners with small, local associations to support and run dormitories, allowing rural girls to attend middle school.

Most of the girls who receive scholarships are the first females in their family, and in their entire village, to attend middle school. In rural areas of the country, families are large and middle school-aged girls are usually expected to stay home to help their mothers around the house and care for younger siblings. Moreover, in many rural parts of the country, middle schools that enroll girls do not exist. When the assessment team visited one of the dormitories (*foyer*), the girls were thrilled and appreciative to have this rare educational opportunity. They all had high aspirations: one girl hoped to become a doctor and another aimed to work as a pilot. They all intended to continue their studies as long as possible.

Professional Moroccan educators have donated their time to create and lead CSSF as officers of the board with the help of three full-time employees. Most of these volunteers have outside careers either for ministries or NGOs. The planning is carried out by CSSF in close contact with local associations—the associations are made up of local volunteers who agree to sponsor foyers. CSSF intends to support these associations for three years while they achieve financial independence. This is proving to be a challenge, but two associations have already achieved financial viability.

The program has already attracted numerous private-sector donations to support the scholarships. Among these donors is *Femme du Maroc*, a national women's magazine, which sponsors a yearly fashion show called Caftan. Since 2000, the fashion show has publicized and raised money for the scholarships. The increased publicity has brought new donors on board; however, some donors have failed to follow through on their oral pledges.

The team talked to representatives of two of the private donors that have been substantially involved, Motorola Maroc and Cercle Diplomatique. The Motorola office manager said "it is all about public relations," indicating its primary but not only motivation. Both she and the Director of Motorola Maroc talked about how important girls' education is to Morocco. They are increasing their commitment to sponsoring an entire dormitory of 20 plus girls for the next three years (the length of time girls are in middle school). In addition, they sponsor an annual trip to Rabat for the two girls in each dormitory who receive the best grades. Cercle Diplomatique functions as an NGO made up of diplomat's spouses who live in Rabat. They have been the largest private donors to CSSF. There is clearly a philanthropic interest strengthened by one of their core goals to support girls' education in Morocco.

While the team was in Morocco, new MEPI funding being discussed that would provide scholarships for an additional 100 girls. The mission is proposing that a portion of those funds supports CSSF administrative costs. The challenges in fundraising and leveraging private resources make it unclear whether the organization has the capacity to keep up with the pace of growth. Both the management and development of the program are time-intensive activities, and as the Scholarship for Success program grows, CSSF must have the tools and resources to grow with it. It is unclear whether they will be able to grow their fundraising to a partnering and leveraging approach that will be sufficient to sustain their operating expenses after U.S. Government funding ends.

The mission will continue to monitor progress and success—indeed an impact assessment is planned for this summer. As additional MEPI funds are added (or other USAID funds), the U.S. Government will bear increased responsibility for not overwhelming a fledgling organization just finding its wings.

Cities Alliance

Cities Alliance, created in 1999, is a large, well-funded NGO that grew out of the United Nations Millennium Summit to address urban slums and poverty. Partners include UN Habitat, the World Bank (which does not currently have its own money invested), ten bilateral donors (Canada, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, United Kingdom, and the United States), as well as the four leading global associations of local authorities (International Union of Local Authorities, Metropolis, World Federation of United Cities, and World Association of United Cities and Authorities). The organization focuses its efforts on city development strategies (CDS), which reflect a shared vision for the city's future, and citywide and nationwide slum upgrading. In addition to public sector participation, the vision includes private-sector investment to sustain these efforts.

USAID supported the urban development strategy in the metropolitan area of Tetouan in Northern Morocco with a $50,000 grant to the FUM. The grant funded a feasibility study and the local project coordinator. FUM's implementing partners are Cities Alliance, which has donated $245,000 in cash, and local governments, which contributed an estimated $150,000.

In recent years, the Government of Morocco has been investing in Tetouan as a test case for local decentralization and municipal capacity building. Cities Alliance was aware of these improvements and became interested in incorporating its CDS process in Tetouan and three nearby cities. USAID and FUM had previously worked together and also felt the timing was right to embark on an urban development strategy in Tetouan.

The main goals of the strategy are to strengthen local authorities and reduce poverty in the area through the mechanism of the CDS process developed by Cities Alliance. FUM is responsible for the administration of the strategy and has hired a local resident coordinator, who is the principal communicator between FUM, Cities Alliance, and the local community.

At this point, Cities Alliance is focused on working with local authorities, not the private sector. The development of the CDS was concentrated in one week in October when outside experts and local experts met intensively and produced a draft strategy, which is not yet ready. The views of the local private sector, including leaders from local development banks, the chamber of commerce, and the tourism association, were heard at a one-and-one-half day forum. The evidence suggests that perhaps 80 percent of the effort expended so far has been getting the donors and the Moroccan national, regional, and local public sector and urban NGOs to work together. Morocco Mission Director James Bednar considers the CDS innovative and extremely promising for Morocco. By empowering local authorities and municipalities, the strategy gives local stakeholders the ability to decide what happens in their communities, which, in turn, produces more sustainable outcomes.

This project possesses many elements on which to build a GDA alliance. This is a key time to increase participation and investment in the strategy to develop an alliance with potential for substantial development impact in the governance sector. This small mission could use assistance in the identification of partnerships. ANE or the secretariat could provide assistance to identify a multinational corporation or local subsidiary to partner in Tetouan as a model that might successfully leverage local private-sector resources.

Centrally Funded Health Alliances

The team also briefly investigated centrally funded health alliances that have been implemented in the mission. The mission health officer who had overseen the centrally funded projects had left because of last summer's staff cutbacks, so the team spoke with the remaining health officer who was less familiar with the programs. In the conversation, it appeared that these alliances have been fully integrated into the mission program. Global Health and predecessor health offices have a long history of centrally funded projects being implemented in the mission. Apparently they have worked out any major kinks in management or communication.

Findings

Origin of the Alliance Concept

Neither of these cases grew out of the GDA initiative but both benefit from the GDA business model. Although CSSF predated funding from the GDA incentive fund, the award has allowed the organization to professionalize, both strengthening its effectiveness and improving the likelihood that the organization will be able to build stronger and better relationships with the private sector over time. The mission clearly sees the potential for public-private alliances for the Cities Alliance. With support, the potential could be realized, but probably not before five or ten years.

Joint-Planning, Shared Responsibility, and Risk

Joint planning and sharing of responsibility and risks set GDA alliances apart from the other development tools that the Agency uses. The team did not feel that either project in Morocco had fully realized these principles at this time.

CSSF bears responsibility for the Scholarship for Success alliance. CSSF does have an annual general assembly that includes all stakeholders in decision-making, but the ongoing responsibility rests with them. The mission has good open communication with CSSF but less contact with the other donors that are less actively involved in day-to-day management. CSSF would say that their primary partnership is with the local associations that support and manage the foyers.

The for-profit private-sector "donors," as CSSF calls them, are involved in planning if they sponsor an entire foyer but this mostly entails receiving progress reports. CSSF is hoping to persuade more private-sector companies to sponsor entire dormitories and become more involved in the decisionmaking process.

When asked about risks, the CSSF board members said that risks were not important because they were going to ensure that Scholarship for Success succeeded. Although the real risks are born by CSSF and the local associations, USAID has reputational risk involved, due to the fact that it has been highly publicized by the mission and by the Agency.

The mission's current role in Cities Alliance is quite limited, but the sense of ownership was indicated by the fact that it was the mission's alliance manager that organized the visiting Cities Alliance team. USAID is a key actor in the process because of its support for FUM. Even though the size of its participation is fairly small, it came at a key stage in the process and the commitment clearly continues. There are not many mission resources currently being invested but the mission director indicated intent to put more resources behind the Tetouan Cities Alliance. The Cities Alliance is, however, an example of a coordinated, long-term development effort that is hard to sustain in the context of shifting Agency priorities and reorganizations.

For the local private sector, although it was surveyed for its opinions and had a one-and-one-half day forum to express its views, the process of finalizing and following up on the CDS is being carried out by the technical committee, which does not include private-sector representatives. Therefore, it is unclear whether its input had any effect on the development of the strategy. The GDA team met with some of those participating and concluded that the communication at this point is fairly one directional and would not meet the criteria for real joint planning, although the team recognizes it is important that their views were at least represented at the start of the project.

In both the Cities Alliance and Scholarship for Success, USAID shares risk because of its high level of commitment but in neither is it different from other important USAID activities. The Scholarship for Success is an excellent project and the Tetouan Cities Alliance is, at this point, an alliance in progress—what the full team calls a "pre-alliance."

Alliance Implementation

The corporate citizenship concept is new to Morocco. In Tetouan, the private sector was consulted early in the development of strategies, but it will be years before those relationships mature and the opportunities for alliances gel. All the experts we talked to—the mission director, the Cities Alliance expert, and the mission manager—agreed that it was too soon in the process to see private-sector participation. Until the planning is further along, it is not fully clear what the partnerships and/or investments should or best could be. The partners do seem optimistic for the future.

CSSF also struggles with the newness of the corporate citizenship concept. Part of the job of this NGO has become educating the local private sector and affiliates of multinationals in corporate citizenship. This is a large and time-consuming responsibility for a small NGO with volunteer board members who carry out the fundraising responsibilities. The mission director suggested that GDA could do corporate citizenship education in Morocco to support the local efforts.

The incentive fund played an essential bridging role for the mission's efforts in education. Its previous activities had ended and the incentive fund allowed it to remain involved in the sector. This is something it can build on as it builds the new education partnership.

The mission has not received any TA. With the education partnership on the horizon, this is a key time for support.

Contributions and Leveraging

Considering its size and scope, CSSF has done an excellent job of accessing private-sector resources, in addition to public-sector support. There have been certain obstacles in guaranteeing these pledges. Indeed, not all the private- or public-sector contributions have been received. The committee believed that Coca-Cola had pledged $30,000 for each of the three years a girl is in middle school for a total of $90,000. Coca-Cola contributed $30,000, but only as a one-time gift. Further appeals to Coca-Cola have been made but additional money has not been forthcoming. Coca-Cola Maroc has submitted a proposal to Coca-Cola Africa's CSR program.

In another example, the committee had an agreement from the minister of education to provide partial high school scholarships for the girls who completed middle school. Meanwhile, a new education minister was appointed who had other priorities—resulting in less regularity in the provision of these scholarship resources. The committee says that the lesson from both of these experiences is to secure written agreements when pledges are made.

The CSSF leadership spoke eloquently about the difficulties in leveraging private-sector resources. Theirs is a volunteer effort that is in addition to their own professional responsibilities. They spoke of the out-of-pocket expenses required to entertain and/or travel to meet with potential donors. Functionally, they are educating the Moroccan private sector on corporate social responsibility on top of their work with CSSF and their own professional responsibilities.

Furthermore, because it is such a charming activity, the level of resources it can raise are being swamped by U.S. Government resources. While this is good for reaching more girls, it throws off the GDA leverage ratio that has been so highly publicized. Moreover, accessing these resources has been a time consuming process that will be hard to continue in the context of this expansion.

For Cities Alliance, the $50,000 grant for studies and initial hiring of a local coordinator has allowed the mission to be involved in what looks to be an important effort in Morocco with great potential for public-private partnership. The mission would not want to fall into the rhetorical trap of saying that the funding of the study "leverages" the millions that are likely to follow. It would detract from the early nature of partnership that the team observed.

Attracting private-sector investment is also proving to be a challenge. When the assessment team met with four private-sector representatives and asked about investment in Tetouan, they all agreed that it was too risky. At this point, they share their views but not the risks. In addition, the alliance manager was not very focused on for-profit private-sector investment. His emphasis was on the participation of the private individuals who live in the slums and the importance of supporting local authorities to represent their needs. Indeed, this activity comes out of the mission's democracy and governance office.

In neither case is there a partnership with a private-sector entity at this time (since the team does not consider the Cities Alliance to be private sector). CSSF is making progress in leveraging resources but considers the private sector to be donors rather than partners. In Tetouan, things are at too early a stage and partnership could develop with careful nurturing.

Innovation

The innovative concept from the GDA business model means that the private partner contributes new knowledge or technology to the partnership. Cities Alliance is bringing a level of innovation in its approach to the involvement of local authorities and local communities in city development. This is part of what makes this a "pre-alliance."

The girls' dormitories are a creative way to address the constraints to girls' access to middle school. Unfortunately, it does not address the root problem or the lack of resources for rural middle schools for both girls and boys.

Conclusions

Morocco is a small mission that received deep staff cuts last summer. The mission has been creative in pursuing activities with public-private partnering as well as accessing and stretching resources. It has built relationships with important initiatives in Morocco, such as Cities Alliance, with minimal resource investment. Tetouan particularly could benefit from bureau or secretariat support in building on the potential for public-private partnering. Indications are that this could happen without that support, but it does not appear to be the first priority of the partners now and the mission is constrained in pursuing it actively because of its limited size and resources.

The mission was initiating a new education initiative with a strong public-private partnership element while the assessment team was in country. Significant effort will need to be expended to identify partners, solicit pledges, and solidify those pledges through written agreements. Experience elsewhere indicates that headquarters will need to review and approve any written agreements—a lengthy process. The mission expressed a hope that other regional experience with the same information technology firms, such as in Jordan, will help speed the Moroccan requests. As well, Moroccan corporate citizenship education from someone with expertise and comparative experience from other countries that would focus on Moroccan business could be quite helpful for this initiative.

All of the success of the Scholarship for Success program threatens to overwhelm its capacity. The program will likely grow and reach more girls, but as it expands will have to work hard to maintain its relationships with private partners, such as Cercle Diplomatique and Motorola.

One of the major lessons coming out of Morocco is that alliance-building will be a long-term process in situations where resources are scarce and the culture has not traditionally embraced public-private partnerships. For both programs, it will require substantial time and effort to promote and realize the cultural shift to corporate social responsibility.

Lessons and Recommendations from Interviews in Morocco

- Include all partners from the beginning and get it in writing.
- This is one way to do more with less—or as much. In a mission with few monetary and personnel resources, partnering allows resources to be stretched farther.
- Getting private-sector support is time consuming and expensive for an NGO and requires a different skill set than the skills needed to achieve its objectives. Good educators are not necessarily good fundraisers or, even less likely, good alliance builders..
- Support is needed for corporate social responsibility education. There is great potential for private-sector investment, but it will require a shift in corporate culture. Support should be available to educate local companies on the benefits of investing in programs that benefit society as a whole.
- Being mentored by someone with private-sector experience is important to those who have had less of this experience. Learning how to work with the private sector is better taught through mentoring than training.
- Get private-sector pledges of support in writing. In initiatives such as Scholarship for Success, written pledges ensure that agreements between partners are clear and accountable.
- Money is money. Does it matter so much if it comes from the public or private sector as long as it comes? Particularly in smaller missions where funds are scarce, people are not as concerned about tracking the specific types of donations.
- Private-sector alliances could push local governments to think differently about the way they serve their citizens.
- Local involvement is very important. The Cities Alliance will not be sustainable in the long-run without local private-sector investment. Similarly, the success of Scholarship for Success depends on the local associations that manage the girls' dormitories.
- MEPI is an example of a U.S. Government approach that is not GDA minded. It is prescriptive and directive. GDA needs a lot of flexibility to meet the partners halfway.

Interviews

December 5, 2003

Jamila Arif, Office Manager, Motorola Maroc

December 8, 2003

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Annex 8. Assessment of Alliances in the Philippines

This report is part of a worldwide assessment of the Global Development Alliance (GDA) business model, part of a USAID initiative. The Center for Development Information and Evaluation (CDIE) coordinated the assessment on behalf of the Agency—specifically the GDA Secretariat and the Bureau for Asia and the Near East (ANE). CDIE and ANE funded the study.

The worldwide assessment methods included a review of background documents and materials, interviews in Washington, a web-based survey, and field visits to ten countries. Due to the interest and support of the ANE Bureau, the Philippines was one of six ANE countries selected. The findings and conclusions from the six ANE countries are summarized in the *Midterm Assessment of Global Development Alliances in Asia and the Near East*, February 2004.

This report presents the work that was done in the Philippines November 17–21, 2003.

O'Brien and Associates International was contracted by USAID Development Information Services to conduct part of the GDA midterm assessment in the Philippines, Sri Lanka, and India. This report presents the work that was done in the Philippines November 17–21, 2003, and is organized in the following manner:

- scope of work
- methodology used to collect and analyze data
- key findings
- conclusions

Scope of Work

To advance the objectives of USAID's GDA initiative, the Agency established the GDA Secretariat, which is a temporary unit reporting to the USAID Administrator. In anticipation of eventual demobilization of the GDA Secretariat, the Agency proposed that a midterm assessment of the GDA initiative be done to inform and shape policy and organizational decisions on how public-private alliances will be implemented.

O'Brien and Associates International was asked to focus on Objective No. 2 of the assessment, which is to determine the effectiveness of the GDA business model as a development tool and identify the lessons USAID learned about applying the GDA business model in the field and its potential contribution to development results.

Specifically, O'Brien and Associates was asked to travel to Manila, Philippines to interview key USAID/Philippines managers and partners to answer the following questions:

1. What progress is being made in the alliances funded to date from the ANE Bureau Alliance Incentive Fund? Are they proving to have been good investments? Should ANE continue the Mission Incentive Fund? Should ANE provide more technical assistance? Any other ideas for what a committed regional bureau should do to push this aggressively along?
2. What other alliances have been funded from the mission's own budgets? How are they progressing? Are they proving to be good investments? Do they differ in any important respects from those funded from the bureau incentive fund?
3. What can be said about the effectiveness of the bureau incentive fund in promoting the use of public-private alliances in the region? Considering both the process and criteria used, what features of the fund's operation have proven to be important in achieving its objectives?
4. What other organizational factors have been important in determining how effectively missions have used alliances in their development program? These should include both bureau actions as well as those taken at the mission level. Have the availability of TA and/or training, the expertise and/or experience of available mission staff (e.g., prior experience in partnering with the private sector under earlier bureau or Agency initiatives), and support by embassy or other U.S. Government agencies made a difference?

Methodology

The methodology used in this assessment involved the collection and analysis of both primary and secondary data related to six alliance projects that have either GDA or ANE incentive funding. These include the Alliance for Mindanao Off-Grid Rural Electrification (AMORE), the Sustainable Cocoa Extension Services for Smallholders Alliance for South East Asia (SUCCESS), the Information Technology Mentors Alliance (ITMA), Transforming the Marine Aquarium Trade in the Philippines (TMAT), Cleaner Fuels to Reduce Vehicle Emissions (Clean Fuels), and the Monsanto Corn Alliance project.

Primary data were collected via face-to-face interviews using an interview guide developed by the evaluation team prior to field visits. In the Philippines, interviews were conducted with the USAID deputy director, chiefs of the environmental and economic development and governance offices, contracts officer, and the various alliance managers. Key alliance partners were also interviewed.

Secondary data were gathered from the review of key project documents, such as concept papers, proposals, articles, and correspondence.

Findings

Origin of Alliances Concepts

One of the questions on the interview guide asks where the idea or concept of the alliance originated. In the Philippines, the ideas for the alliances originated from different sources, including USAID/Philippines, the GDA Secretariat, and partner organizations.

In several alliance projects, the idea of forming alliances with the private sector came about at the same time as the GDA and ANE incentive funds became available. This encouraged USAID/Philippines to move forward with alliances, such as AMORE and Clean Fuels.

At least one alliance, ITMA, was driven from the GDA Secretariat based on a global arrangement between the secretariat and the World Information Technology and Services Alliance (WITSA). According to the ITMA activity manager, USAID/Philippines was contacted by the secretariat and asked if it wanted to participate in the alliance. Although the mission was interested in pursuing this opportunity, a preliminary assessment by WITSA discovered that the information technology associations in the Philippines were weak and fragmented. As a result, the ITMA strategy changed and is now funding a survey to determine supply and demand issues around information technology training and education. The results will be given to universities to design curricula to better prepare students for information technology careers.

According to ACDI/VOCA's Philippines manager, SUCCESS Philippines owes its beginnings to ACDI/VOCA and its work on cocoa farms in Indonesia. Upon the inception of the GDA incentive fund, ACDI/VOCA prepared and submitted a proposal to strengthen its work with cocoa in Indonesia and expand it to the Philippines. However, the first steps taken to put SUCCESS in place in the Philippines were taken when Mary Melnyk of USAID's ANE Bureau visited the country in the spring of 2002 to begin consultations with Cocoa Phil and the Department of Agriculture.

In a similar way, the Marine Aquarium Council (MAC) submitted a proposal to the GDA Secretariat for projects in Indonesia and Philippines, which was funded and gave birth to the TMAT project.

In general, USAID/Philippines does not distinguish between a GDA alliance and other partnership projects. According to Frank Donovan, "we don't want to get caught up in the terminology…what is important is the quality of the partnership and impact it is having."

Fit with Strategy and Mainstreaming Partnerships

All USAID/Philippines' alliance projects are clearly linked to the mission's strategy and strategic objectives. During the interviews, the alliance managers were able to articulate how the alliance fit with strategy and supported the mission's results.

Although the alliances fit strategy, many of them have been retrofitted. In other words, as alliances were developed they were placed under a specific strategic objective. The challenge for USAID/Philippines will be to have the actual strategy and objectives drive the sorts of alliances the mission pursues and develops.

The mission's approach to mainstreaming the partnerships is interesting. According to Frank Donovan, "all SO teams must build alliances into their programs and have budgets for alliance building…this is our message to SO teams: if you want your budget approved you have to include partnerships."

USAID has recently added a new strategic objective focused on education. The mission believes that many companies are interested in supporting education for business reasons and that there will be a substantial amount of interest and resources available to address education issues. In this way, the mission identified opportunity, adjusted its strategy, and will use it to drive new alliances.

From the corporate side, Mirant was able to articulate most clearly how an alliance fit its country strategy. According to Mirant-Philippines President Ed Bautista, the alliance fits its country business strategy in several important ways. First, the company made a binding public commitment to provide electricity to 1,500 poor and isolated villages (*barangay*), some of which cannot be connected to the existing electricity grid. Furthermore, Mirant sees its work with USAID on renewable energy and off-grid communities as building good will with the government and public in general, which in turn, should help it win future government contracts. Finally, although less tangible, Mirant is building relationships with local government and learning to work in areas that could be beneficial to the company as it expands in the future.

Coordination and Communication

All of the alliance projects meet regularly to discuss issues and make decisions. However, communication and coordination varies from alliance to alliance. In AMORE, the communication seems relatively transparent between USAID, Mirant, Winrock, and to some extent, the Department of Energy. However, it wasn't always like that. Bobby Calingo, Director of the Mirant Foundation, complained that in the early days of the alliance Mirant was excluded from key communications and decisions because USAID viewed the company's role as a source of financing and not as an equal partner. In time, however, this was addressed and now Mirant is satisfied with its role in planning and decisionmaking.

Communication in the Clean Fuels alliance, however, takes place primarily between USAID and the partners, but not between the partners. USAID activity managers commented that the communication is not always as frequent and efficient as it could be because the partners are themselves competitors. Several partners that were interviewed commented that they view USAID as the convener and gatekeeper of information.

In TMAT, MAC operates with a cooperative agreement from USAID/Washington (GDA Secretariat). Although it consults with the collector associations and buyers, MAC pretty much runs the show. And in the SUCCESS alliance, Cocoa Foundation of the Philippines (Cocoa Phil) participates in meetings with ACDI/VOCA and USAID, but its membership does not.

According to USAID/Philippines managers, working in alliances takes more staff time than traditional contracts and cooperative agreements. The most time consuming element seems to be the communication and coordination necessary to make sure partners are involved in important decisions and other operational issues. Nevertheless, these same managers believe the increased effort is producing results. They point to the AMORE alliance, where Mirant is so pleased with the partnerships it wants to expand the project to the northern part of the country.

Incentive Funds and Technical Assistance

USAID/Philippines senior managers believe GDA and ANE incentive funds were very helpful in jumpstarting alliances because they provided the extra motivation to experiment with new partnerships. Frank Donovan commented that "although we were moving towards alliances, the funds provided incentive to move faster and the amount of publicity the GDA did was helpful in getting the word out about how USAID wants to work."

The level of awareness and use of the GDA toolkit was mixed. Some of the activity managers at USAID/Philippines have used the GDA toolkit to conduct due diligence and craft MOUs. Other managers knew about the toolkit but have not used it, while still others did not know that the toolkit existed.

The mission received assistance from several sources when developing the alliances. As noted previously, Mary Melnyk helped the mission identify partners for SUCCESS. Likewise, Barbara Best of USAID/W/EGAT undertook a TDY to the Philippines that included a visit to a MAC site, which the mission found extremely helpful in reviewing and strengthening the TMAT proposal. Debbie McGlauflin, a consultant working with the ANE Bureau, reviewed and made helpful comments on the Clean Fuels alliance concept via telephone calls with the project's manager.

USAID/Philippines is very appreciative of the support it received from the ANE Bureau. According the Jerry Bisson, "The ANE Bureau has been great in encouraging and supporting alliance building in our program. The GDA initiative and expectations laid by the ANE Bureau have allowed USAID program staff 'the cover' to take certain risks in forming alliances that they would ordinarily not have taken. It set the stage that made it acceptable to take risks and sometimes fail."

Contributions and Leverage

The leverage of additional resources is an important characteristic of a GDA-type alliance. According to USAID/Philippines, the mission shoots for a 2:1 leverage ratio, which in some cases it meets and in other cases it comes up short. In some alliances, USAID funds leverage cash and other direct resources while in others it leverages mostly in-kind resources, such as pre-existing staff salaries and office space.

In AMORE, the total USAID budget is $7.9 million. According to Jerry Bisson, $6.4 million will be spent on community development and the establishment of renewable energy systems with the balance of funds going towards policy reforms and planning in renewable energy. USAID's major partner, Mirant Philippines, agreed to fund renewable-energy-powered electrical systems for 160 communities. Ed Bautista said that Mirant budgeted $3.2 million, which is based on an estimate of $20,000 per community. However, some people close to the project believe that, at the current expenditure rate, the Mirant contribution to fund renewable energy in the 160 communities will end up closer to $2 million. In any case, both Mirant and USAID/Philippines are pleased with the project and excited about the possibility to expand it to other areas.

USAID's contribution to the SUCCESS project in the Philippines is $738,762, which leverages $291,066 of in-kind resources from partners. Cocoa Phil and the Department of Agriculture are contributing $109,321 and $181,744, respectively. In-kind resources include staff salaries, government office space, training costs, and shipment and transport of seedlings. The leverage ratio for SUCCESS is about 0.4:1.

In TMAT, USAID/Philippines is exceeding a 1:1 leverage ratio. The mission's contribution of $821,000 is being matched by approximately $978,000 of direct and in-kind resources from MAC, the Philippines Tropical Fish Exporters Association (PTFEA), and U.S. Pet Industry Joint Advisory Council (PIJAC). MAC's contribution comes as staff salaries and travel expenses. PTFEA is contributing its staff time, travel, and collection equipment valued at $40,000. PIJAC is also contributing staff time and travel that it estimates to be worth $25,000.

While it is too early to determine the exact contributions that partners will make in the Clean Fuels project, USAID/Philippines estimates that its contribution of $2.66 million will leverage $5.3 million of resources from its private-sector partners that will come in some combination of cash, in-kind, and actual conversion costs to clean fuel technologies. If the partners remain in the alliance and follow through with their proposed contributions, the mission will achieve its goal of a 2:1 leverage ratio.

The Monsanto Corn Alliance also meets a 2:1 leverage ratio threshold. USAID is providing a grant to Monsanto for $42,000 to examine ways to increase corn yields of small farmers and, at the same time, create linkages with financial and marketing suppliers. Monsanto is contributing $99,500 of its own resources towards this imitative.

In ITMA, USAID does not have a commitment from the information technology associations in the Philippines. To date, WITSA has spent approximately $12,000 of USAID funds on an initial trip by Allen Miller and Lizzie Range to meet with and assess the capability of different information technology associations, which they found to be fairly fragmented. WITSA decided to focus efforts on strengthening the capacity of the Information Technology Association of the Philippines (ITAP) through an initial survey to identify the needs of the information technology industry in the Philippines, assess the skills of the students moving into the workforce, and work with the educational institutions to bridge the gap. Although WITSA budgeted $75,000 for ITMA activities in the Philippines, it is not clear what this will leverage from the information technology associations.

Innovation and New Approaches

Access to innovation and new approaches is another characteristic of a GDA alliance. USAID/Philippines managers point to the AMORE alliance and renewable energy infrastructure as innovation. However, Bobby Calingo of Mirant believes that the company is not contributing innovative technology because many NGOs are providing similar renewable energy infrastructure, such as solar and wind power. Rather, Mirant President Ed Bautista says that it's the company's good reputation and credibility that is adding value to the AMORE alliance.

In the cases of TMAT and SUCCESS, no new innovations were identified. In the Clean Fuels alliance, CME represents an innovation that has the potential to drastically lower toxic emissions when mixed with diesel fuel.

A stronger case can be made that the alliances are resulting in new approaches for USAID/Philippines. The AMORE alliance represents the first time USAID has worked hand-in-hand with a large multinational corporation on a development issue. The Clean Fuels alliance brings together competitors to collaborate on strategies to reduce air pollution. And the SUCCESS and TMAT alliances aim to link suppliers with buyers in sustainable ways that are driven by market demand.

Financing Mechanisms

USAID/Philippines has used a combination of cooperative agreements, grants, and MOUs in its alliances. For example, AMORE involves a cooperative agreement between USAID/Philippines and Winrock International, which is USAID's implementing contractor. In addition, the mission signed an MOU with Mirant stipulating its role, responsibilities, and financial contributions to the alliance.

TMAT and SUCCESS look more traditional. Both projects involve cooperative agreements between USAID/Philippines and the implementers: Marine Aquarium Council and ACDI/VOCA. The TMAT funding is provided by the GDA Secretariat incentive fund while the ANE incentive fund (MIF) provides funding to the mission for SUCCESS. In the SUCCESS alliance, ACDI/VOCA actually subcontracts to Cocoa Phil to do implementation. Apparently, USAID selected this kind of subcontracting arrangement because Cocoa Phil does not have experience managing funds from USAID.

Interestingly, the Monsanto Corn Alliance's financing mechanism consists of a $42,000 grant from the ANE MIF budget to Monsanto Philippines, which will provide an additional $99,500 to implement its Bt corn seed usage program.

Obstacles

In every interview, the interviewees were asked what obstacles they experienced that prevented smooth implementation of the alliance project. Overall, USAID/Philippines' managers and alliance partners mentioned very few obstacles. This is probably due to the fact that most alliances are in the early stages of planning or implementation.

Jerry Bisson noted that the partnership with Mirant "illustrates some of the challenges in building partnerships with a private-sector partner. Change is difficult and the partnership essentially required the Mirant Foundation to change both its program and approach. There was considerable resistance within Mirant and it was Ed Bautista (President of Mirant Philippines) who made the partnership happen. Ed was well aware of the importance of investing in community development and community ownership in order to sustain development efforts. In fact, he repeatedly stresses this as the major benefit of the partnership and wants USAID to partner with Mirant in providing electricity to communities in northern Luzon."

In particular, SUCCESS faces the obstacle of attracting resources from international partners, such as the World Cocoa Foundation and Masterfoods. Maggie Meyers of ACDI/VOCA describes the problem in terms of production. The Philippines currently does not produce enough cocoa to meet internal demand. Not until production levels increase significantly to satisfy both domestic and international markets will international partners be interested in investing in SUCCESS as they have in Indonesia.

Other obstacles that were discussed include the high degree of bureaucracy in the government, USAID, and large multinationals, especially those in the Clean Fuels alliance, as well as security issues in Mindanao, the certification process used in TMAT, fragmented information technology associations, and the lack of policy relating to clean fuels.

According to several USAID activity managers, the proof will be in how well partners live up to commitments made in some of the MOUs since these are not legally binding instruments.

Development Impact and Evaluation

According to the GDA business model, strategic partnerships should result in greater development impact than if the partners operated independently. Therefore, clear articulation of the anticipated impact that alliances are intended to have should be stated in the project's goal, objectives, and indicators, and explained in its monitoring and evaluation framework.

Review of project documents and interviews with USAID activity managers and partners revealed that the projects have some plan to conduct evaluations. In several cases, the evaluations seem to be focused more on output level indicators, which will not say much about impact. Other projects plan to focus more on effect (behaviors, attitudes) and impact level indicators. Few of the alliance projects had conducted baseline surveys or thought much about measurement and attribution issues.

Nevertheless, a couple of the senior managers commented that "we need to be prepared to evaluate our alliances and answer cost-benefit questions. For example could we have had better impact by pursuing different approaches instead of alliances?" These managers also noted, "Some of the alliance projects do not have baselines or strong evaluation plans."

Lessons

Interviewees were asked what lessons they had gleaned so far from the alliances. Below are a variety of quotes that represent the sorts of lessons alliance partners are learning.

- Alliance projects tend to get started quicker with more tangible and visible results sooner due to pressure from the private sector to show something to its executive staff and board.
- It takes a lot of time and effort to build trust in these alliances and get all the partners on the same page. Once trust is established, these kinds of alliances tend to speed up and move smoothly.
- We use the MOU mechanism a lot. It is more appropriate in most alliances than other mechanisms.
- Private-sector partners can and should be pushed to make larger contributions.
- Having a champion in the mission like Jerry Bisson to encourage and support alliance building is key to success.

- We learned that the private sector is interested in development and has development concerns. Also, the government influences the private sector so it is important to have the government on board and supporting the project.
- The private sector often sees USAID as providing access to key government officials and lending credibility to its development or corporate social responsibility programs.
- USAID and its implementing partners (contractors) benefit from working with companies like Mirant because it forces them to think in business terms about investments and returns on those investments.
- Alliances where MOUs are involved will actually take less management time in the long run since USAID does not have to monitor the use of its funds. This is unlike cooperative agreements and grants.
- An effective communication and public relations strategy is important to companies. This is best if a credible third-party NGO rather than USAID or the company conducts it. This is a weakness in the AMORE project where Mirant is not totally satisfied with the communication strategy.
- The AMORE partnership required the Mirant Foundation to shift from funding electrification via line extensions and diesel-powered generators to include support for renewable energy-powered systems, which was a major shift that required extensive negotiations. Any training on alliance building should include emphasis on how to constructively promote change and ownership of new directions within alliance partners.

Recommendations

USAID senior managers were asked what recommendations they would make to USAID decisionmakers in Washington, such as the Agency's Administrator or ANE. A short summary of those recommendations appears below.

- Partnerships that involve the private sector are the wave of the future and should be one of USAID's main business models, especially in missions where the private sector is active and mission budgets are smaller.
- USAID should keep some sort of GDA Secretariat structure in place to manage global alliances and provide guidance and share best practices in alliance building with missions.
- Missions need help to be able to assess interest and private-sector flows to then determine what sort of alliances have the most potential.
- USAID staff need further training in developing, negotiating, and nurturing alliances with the private sector. Also, USAID should train its project officers in basic business skills and how businesses operate so they can better understand the private sector. This will help USAID negotiate better alliances in the long run.
- USAID should increase the number of staff that can work on alliances, and make existing mechanisms to contract short-term staff more flexible.
- GDA and ANE competitive incentive funds should be kept and expanded to encourage missions to take risks and develop creative alliances.
- USAID should develop mechanisms to amend contracts so GDA and ANE incentive funds can be added to existing contracts in a flexible manner.

Conclusions

1. USAID/Philippines is making significant progress in mainstreaming its alliance work with the private sector. In FY 2005, all SO teams will be required to build alliance work into their strategy and budget.
2. USAID/Philippines does not adhere to a strict definition of what an alliance is or is not. Rather, the mission is promoting work with the private sector where it makes sense and can increase the impact the mission has on development in the Philippines. In fact, USAID/Philippines is working with any number of private-sector entities on development issues that have not been classified as GDA-type alliances.
3. USAID/Philippines' alliance work would benefit from encouraging its managers to stretch its current and future alliances to incorporate more of the GDA criteria. GDA criteria include increasing private-sector investments and leverage ratios, innovative approaches and new technologies, and increased participation in planning and decisionmaking from the early conceptual stages.

4. Several GDA—or MIF-funded alliances—look more like traditional projects where USAID has a contractual relationship with an organization that is required to meet or match certain requirements. For example, SUCCESS involves a cooperative agreement with ACDI/VOCA, which, in turn, subcontracts to Cocoa Phil to deliver training and other extension services to farmers. In TMAT, USAID has a cooperative agreement with MAC, which works directly with collectors and exporters. Neither MAC nor its members are making substantial investments in the project.

5. Although one of the most important reasons to pursue strategic partnerships is increased development impact, few of the alliance projects have conducted baseline surveys or thought much about measuring impact. One of the challenges facing USAID/Philippines is to begin to build a strong monitoring and evaluation system into alliance projects in the early stages of design to capture alliance-building lessons, measure impact, and answer cost-benefit questions.

6. The AMORE project is USAID/Philippines' flagship private-sector alliance that has been responsible for getting the mission involved in alliances, especially in the environmental sector. Successful implementation of AMORE has generated confidence among managers and created a willingness to try building more alliances.

7. GDA and ANE incentive funds and support have been instrumental in promoting alliances in USAID/Philippines. Although partnerships with the private sector would have occurred without GDA Secretariat and ANE support, they would not have happened as quickly and their scope would have been much more modest.

8. Although many of USAID/Philippines' alliances may not meet the criteria set out by the GDA guidelines, the mission is gaining more and more experience working with the private sector that is building more confidence and creative approaches.

Annex 9. Assessment of Alliances in Sri Lanka

This report is part of a worldwide assessment of the Global Development Alliance (GDA) business model, part of a USAID initiative. The Center for Development Information and Evaluation (CDIE) coordinated the assessment on behalf of the Agency—specifically the GDA Secretariat and the Bureau for Asia and the Near East (ANE). CDIE and ANE funded the study.

The worldwide assessment methods included a review of background documents and materials, interviews in Washington, a web-based survey, and field visits to 10 countries. Due to the interest and support of the ANE Bureau, Sri Lanka was one of six ANE countries selected. The findings and conclusions from the six ANE countries are summarized in the *Midterm Assessment of Global Development Alliances in Asia and the Near East*, February 2004.

This report presents the findings of the work done in Sri Lanka December 3–5, 2003.

O'Brien and Associates International was contracted by USAID's Development Information Services to conduct a part of the Global Development Alliance (GDA) midterm evaluation, specifically in the Philippines, Sri Lanka, and India. This report presents the findings of the work done in Sri Lanka December 3–5, 2003, and is organized into the following components:

- scope of work
- methodology used to collect and analyze data
- key findings
- conclusions

Scope of Work

To advance the objectives of USAID's GDA initiative, the Agency established the GDA Secretariat, which is a temporary unit reporting to the USAID Administrator. In anticipation of eventual demobilization of the GDA Secretariat, the Agency proposed that a midterm assessment of the GDA initiative be conducted to inform and shape policy and organizational decisions around the implementation of public-private alliances within USAID.

O'Brien and Associates International was asked to focus on Objective No. 2 of the assessment, which is to determine the effectiveness of the GDA business model as a development tool and identify the lessons USAID learned about applying the GDA business model in the field and its potential contribution to development results.

Specifically, O'Brien and Associates was asked to travel to Colombo, Sri Lanka to interview key USAID/Sri Lanka managers and partners in order to answer the following questions:

1. What progress is being made in the alliances funded to date from the ANE Bureau Alliance Incentive Fund? Are they proving to have been good investments? Should ANE continue the mission incentive fund? Should ANE provide more technical assistance? Any other ideas for what a committed regional bureau should do to push this aggressively along?
2. What other alliances have been funded from the mission's own budgets? How are they progressing? Are they proving to be good investments? Do they differ in any important respects from those funded from the bureau incentive fund?
3. What can be said about the effectiveness of the bureau incentive fund in promoting the use of public-private alliances in the region? Considering both the process and criteria used, what features of the fund's operation have proven to be important in achieving its objectives?
4. What other organizational factors have been important in determining how effectively missions have used alliances in their development program? These should include both bureau actions as well as those taken at the mission level. Have the availability of TA and/or training, the expertise and/or experience of available mission staff (e.g., prior experience in partnering with private sector under earlier bureau or Agency initiatives), and support by embassy or other U.S. Government agencies made a difference?

Methodology

The team in Sri Lanka researched three alliances: Sri Lanka Ecotourism (Ecotourism), Air Pollution Reduction in Land Transport Sector (APR), and the Incentive Information and Technology Mentors Alliance (ITMA).

This assessment's methodology consisted of interviews with USAID/Sri Lanka managers, alliance partners, and the review of a variety of a key project documents, such as concept papers, proposals, articles, and correspondence. Within USAID/Sri Lanka, interviews were conducted with USAID/Sri Lanka's director, the director of the US-AEP, and two special projects officers. Interviews were conducted according to pre-established interview guides in order to ensure that pertinent areas were adequately probed and that interviews retained consistency for viable comparison within and across missions.

Key partners interviewed included the deputy director of planning from the ministry of transportation, the deputy chief medical officer from the ministry of health, and several managers from Nathan and J.E. Austin Associates, who are working on The Competitiveness Initiative (TCI). Interviews were also conducted with the executive director of WITSA and a colleague who were in Colombo for a strategic planning workshop.

Findings

Origin Of Alliance Concepts

Alliances in Sri Lanka originated primarily from two sources: TCI and US-AEP. Both the Ecotourism and, to a certain extent, ITMA alliances grew out of TCI's "clusters" while the APR evolved out of US-AEP work.

USAID/Sri Lanka and the TCI tourism cluster had been exploring ecotourism opportunities for quite some time. In 2001, the mission decided to fund a tour to Costa Rica to study ecotourism. The tour motivated the group to begin planning an ecotourism project at about the same time that the ANE incentive fund was announced. According to Dr. Ananda Mallawatantri, the ANE incentive fund came at the right time because it provided funding to allow USAID/Sri Lanka to make a contribution and help move the project forward.

ITMA in Sri Lanka developed from two sources. On a global level, the GDA Secretariat approached WITSA in Washington, D.C. and proposed the idea of a multicountry alliance to promote the use of information and communications technology. Allen Miller, WITSA's Executive Director, liked the idea because it provided additional resources to WITSA to fulfill its mandate of forming and strengthening information and communications technology associations in developing countries.

Meanwhile in Sri Lanka, TCI's information technology sector, which was one of the more successful clusters, was looking for appropriate roles to expand its work. WITSA approached TCI's information technology sector to see if it wanted to form a WITSA-affiliated association. The members eagerly agreed since they saw this as an opportunity to create an organization that could speak in one voice for the sector in terms of policy and advocacy. This is something that the Government of Sri Lanka, in particular, had indicated it wanted—a single policy voice representing the sector. WITSA is currently supporting Sri Lanka's new information technology association (SLICTA) in developing a strategic plan that will guide SLICTA into emerging as a cohesive and self-sustaining entity.

USAID/Sri Lanka's APR has its roots in US-AEP. Ananda noted that the mission has been working since 1992 with the private sector on partnerships aimed at protecting the environment through promoting and selling clean and efficient technologies from U.S. companies.

After attending a workshop conducted by the California Clean Air Project, several of the US-AEP partners decided to form a group called the Air Resource Management Center (Air Mac) with the goal of reducing air pollution in Colombo. At about the time that Air Mac was formed, the ANE incentive funds were advertised. Ananda said that it made perfect sense to apply for the incentive funds to support Air Mac's mandate to develop fuel standards, omit lead from fuels, and fund special air quality studies.

Coordination and Communication

In APR, Air Mac meets regularly to discuss issues. The group became so large that it was difficult to manage, so the members decided to form and work in subgroups that would reconvene in the large group once a month. The members reported that they communicate via e-mail and telephone on an "as needed" basis.

Since Air Mac includes a diverse group of stakeholders representing environmental organizations as well as the private sector, serious disagreements over issues can arise from time to time. Indeed, the World Bank, an initial donor and supporter, dropped out of the alliance because it had differences with the government on how to implement the project. However, while interviewees acknowledged these differences of opinion and interests, they view the process of working through disagreements as fundamentally important in learning to work together—a process that will prove beneficial in the long run.

Ecotourism and ITMA, however, rely heavily on the TCI sector coordinators to communicate with members and call meetings. In time, the Ecolodge's board of directors should assume the primary role of coordination in that alliance.

Involvement of USAID in the Alliances

USAID/Sri Lanka's involvement in the APR is quite high and committed. However, its involvement in ITMA and Ecotourism is much more limited. TCI coordinators take more of the responsibility for coordinating activities and working with the partners to make decisions. In fact, TCI managers explained that they saw the principal role of USAID/Sri Lanka as providing funding rather than guidance and support in the day-to-day activities.

Incentive Funds and Technical Assistance

USAID/Sri Lanka has received $1,115,000 from the ANE incentive fund (MIF). Of this, $215,000 has been allocated to the APR while $900,000 will go towards the Ecotourism project. According to Director Carol Becker, "USAID/Sri Lanka was already on the trajectory of doing public-private-sector alliances. The GDA initiative—and especially the incentive funds—provided necessary funds and a little push. The incentive funds provided the mechanism to allow USAID to sit at the table with other donors and partners to negotiate alliances. It also encouraged our sectors to coordinate on projects."

The mission reported that it did not receive any assistance in designing or implementing the alliance projects from either the GDA Secretariat or ANE. Both Becker and Mallawatantri believe that USAID/Sri Lanka would benefit from more technical assistance and support in designing and backstopping alliance projects and indicated such assistance would be welcome. (A technical assistance trip to Sri Lanka took place in January 2004.)

Mike DeSiti, special projects officer, attended the GDA workshop in Bangkok. Although not active in alliance building, DeSiti was one of a few mission staff available to attend the workshop. According to him, "the workshop was timely, relevant, and useful. It provided participants with important information about public-private-sector alliances as well as exposure to resource experts. It also sent the message that missions should think beyond the GDA concept and revisit opportunities to build strategic partnerships with the private sector in on-going projects."

Unfortunately, DeSiti has been unable to share information and tools from the workshop with other mission staff due to his heavy workload. Becker plans to conduct some sort of GDA awareness activity in January to coincide with the visit of Cohen and McGlauflin.

Contributions and Leverage

The leverage of additional resources is an important characteristic of a GDA type alliance. In the APR, three organizations are currently contributing cash resources to the project. USAID is contributing about $100,000 per year that comes from both the incentive fund and the mission's budget. The World Bank has contributed $500,000 for three clean air-related studies while German aid agency GTZ is investing nearly $2 million for an emissions testing and training center model.

The Ecotourism project relies on $900,000 of ANE incentive funds that leverages $1.8 million in cash from hotel investors and a rough estimate of $215,000 of in-kind contributions from public-sector organizations. The hotels are investing in the construction and operation of an ecolodge that they believe will be profitable and render important best practices that can be used in other properties.

To date, WITSA has spent about half of its $92,500 USAID budget for ITMA activities in Sri Lanka, as well as its own in-kind contributions such as staff time and some travel. Allen Miller was quick to point out that WITSA does not fund SLICTA. Miller sees WITSA's role as providing guidance to SLICTA in the process of incorporating, planning, and becoming a member of WITSA and a player in the international information technology scene.

Innovation and New Approaches

A characteristic of a GDA alliance is access to innovation and new approaches. The APR, like its US-AEP predecessor, is benefiting from the clean air technologies that private-sector partners bring to the table. Likewise, the ecolodge will incorporate state-of-the-art technologies and best practices as they relate to ecotourism. However, at this point it is not clear what innovations or new approaches ITMA is contributing.

Financing Mechanisms

USAID/Sri Lanka is currently managing its alliance resources itself without a third party contractor or implementing partner. In the APR, the mission is using a mix of ANE Bureau incentive funds ($215,000) and AP funds (about another $200,000–$250,000).

In the Ecotourism project, the mission is trying to decide whether to manage and allocate the funding itself or use an implementing partner (contractor). The concern is that using a contractor could consume a significant portion of the budget, leaving as little as $400,000 to $500,000 as USAID's contribution.

ITMA is clearly relying on WITSA as the implementing partner while funding is allocated and managed primarily from the GDA Secretariat.

Obstacles

All respondents were asked to describe any obstacles they faced that prevented smooth implementation of alliance projects.

Ecotourism and ITMA are still in the early stages of implementation, so it was hard for USAID/Sri Lanka managers and partners to comment on specific obstacles. Miller of WITSA did question whether SLICTA would be able to move the from the strategic planning phase to actual sustained implementation.

The primary obstacle in the APR is the complexity of the alliance and getting the partners to resolve conflict and other issues. However, partners that were interviewed believe that the time and effort put in the planning and decision-making will pay off in terms of smooth implementation later on because there would be increased buy-in from key stakeholders as a result of working together in the planning phase.

In general, Becker stated that the most significant obstacle to alliance-building for USAID/Sri Lanka is the lack of managers. She acknowledged that it takes a lot of time to participate in the alliance process while mission managers are already stretched too thin. Becker went on to explain that USAID/Sri Lanka has gone from a mission targeted for closure to one with a $24 million budget, with too few human resources available to program the money.

Another major difficulty noted by Becker and her staff is that Sri Lanka is a difficult environment in which to develop alliances that involve multinational companies as partners. According to Becker, most large businesses are reluctant to invest in Sri Lanka due to the history of conflict and political violence. Until there is more political stability, multinational companies will not be willing to invest in the country.

Development Impact and Evaluation

According to the GDA business model, strategic partnerships should result in greater development impact than if the partners operated independently. Therefore, clear articulation of the anticipated impact that alliances are intended to have should be stated in the project's goal, objectives, and indicators, and explained in its monitoring and evaluation framework.

None of the alliance projects in USAID/Sri Lanka have clearly outlined monitoring and evaluation plans. As a result, the development impact of the alliance projects is not well articulated in terms of indicators and baseline measures. In fact, Mallawatantri acknowledges that a weakness in all the alliance projects is evaluation and monitoring. He indicated that capacity building and/or training in evaluation is needed and would be welcome.

While Ecotourism and the APR list indicators that they might use to collect data and measure impact, ITMA seems to be relying primarily on anecdotal information to measure success. Although the ITMA partners feel that it is an important partnership for Sri Lanka's information technology industry that will have significant impact from both a process and an outcome perspective, they have difficulty articulating what exactly the impact will be. A number of key assumptions are being made: that investment in information technology associations will lead to better policies and increased visibility for Sri Lanka information technology and that this will lead to more business for the country and improves the economy and income for businesses and their owners. It is unclear what evidence, literature, and experience is forming the basis for these assumptions.

Lessons

Interviewees were asked what lessons they had gleaned so far from the experience of establishing and maintaining alliances. A variety of paraphrases and quotes that represent the sorts of lessons alliance partners are learning are as follows:

- Management of alliances takes more time than management of contracts. You get more invested in the partnership and want to put in the necessary time to make it a success.
- If you use an implementing partner to do implementation, I am concerned USAID will lose the closeness to and spirit of the alliance.
- In a large alliance like APR, a mix of different influential partners can lobby for government policy change more effectively.
- Working in alliances builds relationships with partners that would not otherwise develop. Study tours and other joint visits help build these relationships and make partners more committed and coordinated.
- The government is learning to use the stakeholder approach and work in alliances. It takes patience to listen and vet all the opinions but this will pay off in implementation. The APR alliance is becoming a model for how the government can work with key stakeholders.
- The GDA concept has introduced a new way of thinking and lets missions know, especially smaller ones, that business as usual will not work in the future. USAID needs to find ways to combine its limited resources with those of other donors, government, and the private sector to have a significant development impact.
- The private-sector partners, although competitors, are willing to collaborate on the Ecotourism project because it is a way to glean best practices that can make each company more competitive internationally.
- Large alliances, like APR and Ecotourism, require effective and frequent communication to be suc-

cessful, both internally among the alliance members and externally to government and mambers NGOs.

- Building alliances requires a new way of thinking and requires new skills that many USAID managers lack at the present time. It is a paradigm shift for USAID.

Recommendations

In interviews, USAID/Sri Lanka senior managers were asked what recommendations they would make to USAID decisionmakers in Washington such as the Agency's Administrator or ANE. A short summary of those recommendations is as follows:

- GDA is a good business model for USAID, especially in those countries where missions need to leverage funds and where the private sector is making substantial investments in the country. However, it should not be the only business model.
- USAID still needs the GDA Secretariat. However, the secretariat needs to do a better job of supporting small missions that do not have adequate staff and resources to incorporate the GDA business model into their activities.
- Missions need more access to technical assistance from people such as Debbie McGlauflin. "We need to clone twenty of Debbie McGlauflin so more missions could benefit from her help."
- USAID should place a GDA consultant in the region to support missions, especially smaller missions, in developing GDA concepts and partnerships.
- USAID staff need more training and orientation on alliance building. Staff need skills to negotiate with businesses—to speak their language and look at things from the perspective of a businessman. USAID staff would also benefit from training on how to identify financial tools to help private-sector partners access resources such as loans.
- USAID/Washington should provide more information about how to identify companies interested in investing in a specific country and what they might be interested in doing. "One example is the foundation guide used in the foundation/NGO world—something in this model for missions would be so helpful—they simply do not have the time or staffing to conduct this sort of research themselves."
- USAID should develop web-based GDA alliance-building learning mechanisms so missions can share lessons, successes, and ideas. "We need more examples of what other missions are doing and what is working." This could be a role for the GDA Secretariat.
- USAID needs to clarify to what extent Congress is expecting missions to involve U.S. companies in the alliances so any business benefit goes to them instead of other international companies. "It is much clearer in the US-AEP where the expectation is to use U.S. companies and U.S. technologies to solve environmental problems."

Conclusions

1. The social and political situation in Sri Lanka has not been conducive to building alliances with the private sector, especially with large multinational companies. The civil war has discouraged foreign investment in manufacturing and other service industries. If peace holds and the social and political environment stabilizes, foreign investment should increase as well as opportunities to build alliances with both national and international businesses.
2. USAID/Sri Lanka has been working in partnership with the private sector for a long time through TCI and US-AEP. In fact, all three of the mission's alliance projects originated from TCI and US-AEP initiatives. However, these partnerships did not include the kind of focus on leveraging resources and sharing risk and responsibilities that the GDA business model advocates. As these and other alliance projects evolve, the mission needs to build into alliance projects more of the GDA criteria, such as greater stretches on contributions, risk sharing, and joint planning.
3. The ANE incentive funds were timely and helped the mission "buy a seat" at the table in the APR and Ecotourism projects. These projects, however, were already in the process of being developed and would have occurred without GDA and ANE Bureau funding or influence.
4. Other than incentive funds, USAID/Sri Lanka has received little support from the GDA Secretariat and ANE in building and nurturing alliances.

The mission would like more technical assistance, exchanges of lessons and experiences from other missions, and more incentive funds to strengthen its alliance portfolio.

5. Due largely to the good relations between the Government of Sri Lanka and the United States and the prospects of a peace settlement, USAID/Sri Lanka has shifted from a mission targeted for closure to one with a budget approaching $24 million and very few human resources to program and manage the funds. Although the potential exists to increase the number of alliances, the lack of staff dedicated to alliances will continue to be an obstacle.

6. The amount of resources that USAID/Sri Lanka is able to leverage varies from alliance to alliance. For example, in the Ecotourism project, USAID's contribution of $900,000 is leveraging $1.8 million in cash and land resources from hotel investors and another $215,000 of in-kind contributions from universities, NGOs, and the government. However, it is not clear yet how much is being leveraged in the APR alliance. The mission is contributing $215,000 while the World Bank and GTZ are contributing $500,000 and $2 million, respectively. David Peiris Motors and the Sri Lanka Bus Owners are supposed to finance the conversion to clean fuels but this contribution has not been valued nor implemented. And finally, the ITMA alliance is in the early stages of strategic planning with little contribution from SLICTA.

7. It takes significant time and effort from USAID managers to develop and nurture complex alliances, such as APR. The up-front investment in time and effort pays off in the long run with the alliance members that buy into the projects' goals and work together to solve problems and make key decisions.

8. According to the GDA business model, development impact is one of the most important reasons to pursue strategic partnerships. Nevertheless, none of the alliance projects have monitoring and evaluation systems. One of the challenges facing USAID/Sri Lanka is to figure out a way to capture important lessons, experiences, and the development impact its alliance projects are having.

U.S. Agency for International Development

The U.S. Agency for International Development (USAID) is an independent federal agency that receives overall foreign policy guidance from the Secretary of State. For more than 40 years, USAID has been the principal U.S. agency to extend assistance to countries recovering from disaster, trying to escape poverty, and engaging in democratic reforms.

USAID supports long-term and equitable economic growth and advances U.S. foreign policy objectives by supporting

- economic growth, agriculture, and trade
- global health
- democracy, conflict prevention, and humanitarian assistance

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