

Benefits of PVO/Private Sector Partnerships

A Dialogue Between the Africa Bureau and PVO Partners July 28, 1999

Summary

On July 28, 1999, representatives of diverse humanitarian, development and constituency-building U.S. PVOs joined USAID's Assistant Administrator for Africa, Vivian Lowery Derryck in a meeting to discuss the benefits and obstacles of PVO/private sector partnerships in Africa Bureau programs. Pete Roberts of the International Executive Service Corps co-hosted the meeting. The meeting was viewed as timely. It responded to the interests of PVOs to collaborate with the private sector in development programming. A show of hands indicated that the overwhelming majority of PVOs in attendance want to further explore the possibilities of working with private sector firms. Key points:

Vivian Lowery Derryck and Pete Roberts opened the meeting with welcoming remarks. USAID Uganda Mission Director, Dawn Liberi followed with information about the mission's new innovative program with Monitor Group. The program provides opportunities for: public/private partnerships; helps the government focus its policies on "clusters", such as coffee, flowers, tourism and fishing; and involves donors and PVOs. She also identified challenges to the program as: policy constraints on the government side; how do it to a level of scale; specific training; and a range of market issues.

A panel of PVO representatives presented three approaches to PVO/private sector partnerships

I. Building Philanthropy into a Partnership -- Connie Kane, PACT

PACT has entered a partnership with Chevron in Angola which took a long time to solidify, but took a philanthropic relationship to a new level of joint planning. While social screens and ethics are important, PACT decided not to face the issue of Chevron's negative exposure fearing the exercise would postpone the collaboration if not derail it.

Lessons learned:

- seek out areas of mutual interest; find common ground
- the private sector can support both capacity building and program activities
- the value of personal relationships is that they build credibility and trust
- partnerships can flourish in situations of turmoil
- the private sector needs "groundtruthing" from NGOs

II. The Role of PVOs/Cooperatives in Facilitating Local Level Intersectoral Partnering – Jim Cawley, NCBA/CLUSA

CLUSA is an association of businesses and cooperatives that enters partnerships with cooperatives or other producer organizations. CLUSA also partners with local NGOs interested in supporting coops. A CLUSA priority is to build the capacity of family farms. It works with them to build reserves, stabilize incomes and act like businesses by changing management behavior and making decisions based on business principles. Successful family farms result in rapid returns to the farmer and create farm labor opportunities, microenterprises and other work alternatives.

Lessons learned:

- seek compatibility in mission
- start where the partner is
- agree on direction and lay out responsibilities in writing

II. Policy Advocacy for Business Development – Greg Simpkins, CCA

The Corporate Council on Africa works with its corporation members on the following development priorities: social development; electoral support; legislative support; and policy reform for an enabling business environment. Greg reported that a number of U.S. corporations are engaged in partnerships with PVOs. He also mentioned that corporations are cautious for a variety of reasons, including a fear that NGO interests are often linked to political interests. In many instances, companies prefer to work directly with governments on policy change or regulatory frameworks.

During the Question and answer session...

In response to the question on whether or not USAID pays fees to grantees, we reviewed USAID's policy, "USAID-U.S. PVO Partnership: USAID policy guidance;" the ADS 303.5.10, and checked with the Chief of the Policy Division in the Office of Procurement:

USAID does not allow fees under assistance instruments (grants and cooperative agreements) because of the Congressional requirement that private voluntary organizations be "private," and not receive all of their financial support from USG sources. Further, cost sharing with our partners is an important element of the USAID-PVO relationship.

About five years ago USAID issued a policy, which was applicable only to USAID/W procurements. This policy required that when a non-profit organization with a letter of credit was awarded a contract, the contractor would not be entitled to a fee. This policy is no longer current even for Washington contracts and, in fact, many other USG agencies do allow fees for non-profits under contracts.

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