# USAID/GDA Secretariat

# Annual Report

# FY 2005

June 16, 2005

## Please Note:

The attached RESULTS INFORMATION is from the FY 2005 Annual Report and was assembled and analyzed by the country or USAID operating unit identified on the cover page.

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## GDA Secretariat

**Performance:**

The Global Development Alliance Secretariat (GDA) was launched in May 2001 to engage new stakeholders and harness the power of public-private alliances to address challenges in the developing world. While USAID has long engaged in successful partnerships, GDA represents a more strategic approach to alliance building in order to bring significant new resources, ideas, technologies, and partners together to address development problems wherever USAID works. The GDA model is particularly tailored to allow the Agency to expand joint efforts with non-traditional partners.

USAID's efforts to build public-private alliances attest to the efficacy and reach of government programs and taxpayer dollars. The Global Development Alliance Secretariat facilitates the development of public-private alliances, so citizens and private organizations can more effectively participate in international development and successfully operate in developing countries. GDA has encouraged USAID professionals to refocus and create a new relationship with the private sector as resource partners in addressing international development challenges. With the GDA Secretariat's assistance, USAID is actively refocusing its own programming in coordination with the private sector to meet the needs of people in developing countries and benefit the American public.

Certain characteristics are common to each alliance: the belief that an alliance will be more effective than any stand-alone approach; joint definition of the problem and its solution; shared commitment of resources; and shared risks and rewards. The nature of public-private alliances denotes a changed role for USAID, shifting it from only managing government resources to managing relationships- from implementer to catalyst, convener and mediator. It also denotes a changing model for international development, as donor organizations, private companies, and others increasingly work in concert to accomplish more than can be accomplished individually. This more effective use of U.S. foreign aid creates stability and opportunities for citizens in developing countries, while also promoting the U.S. Government's foreign policy objectives.

In FY 2004, USAID operating units worldwide continued to mainstream public-private alliance building as a principal business model for the Agency. In the course of this mainstreaming process, USAID achieved impressive results in new or strengthened alliances with businesses, trade groups, foundations, universities, multilateral donors, faith-based organizations, indigenous groups, immigrant communities, and government agencies. The resources united were as diverse as the alliances themselves, including technology and intellectual property rights, market creation, policy influence, in-country networks, and expertise in development programs that ranged from international trade to biodiversity protection.

USAID's GDA Secretariat has taken the lead in promoting alliance building through organizational and business process change since FY 2002. The primary goal of the GDA Secretariat is to increase the capacity of Agency staff and enhance the Agency business operations to develop and manage public-private alliances. This commitment has fostered increased cooperation between USAID and non-traditional partners, and has allowed USAID and its partners to achieve greater programmatic impact than any one organization could achieve on their own.

For a public-private alliance to be reported under the GDA initiative, USAID resources must be matched by at least one-to-one by all other partner resources combined, excluding other federal resources. Partner resources can include contributions of cash, in-kind, intellectual property, and human resources. In FY02-03, a USAID investment of over $500 million across 200 alliances leveraged over $2 billion in partner resources from over 700 alliance partners. Through public-private alliances, USAID leverages resources and development impact in every technical sector in which USAID works. Alliances in the

health sector enjoy both the highest aggregate funding and leverage - a USAID investment of $260 million for 34 health alliances leveraged over $1 billion in total partner funding, a ratio of almost 1:4. This is largely reflective of multilateral and foundation donors investing in global health initiatives such as the Global Alliance for Vaccines and Immunization (GAVI) and Global Alliance for Improved Nutrition (GAIN).

USAID funded 156 alliances with $230 million in the economic growth, agriculture, education, and information technology sectors, leveraging $640 million in partner contributions - a ratio of almost 1:3. The democracy and governance and humanitarian assistance sectors showed a similar leverage (1:2.7), but funding and number of alliances were much lower - seven alliances invested $44 million in USAID funds and leveraged $119 million in partner contributions.

Despite relatively low levels of U.S. foreign direct investment in Africa, the Africa region initiated the most alliances compared to other regions - 80 alliances in FY02 and FY03 - and also had the highest leverage (1:3.5). Latin America and the Caribbean was second among the regions with 42 alliances, while Asia Near East had 25 alliances and Europe and Eurasia 21 alliances.

One hallmark of public-private alliances is engaging non-traditional partners. USAID has partnered with over 700 different organizations in FY02 and FY03. These include 215 private businesses, 179 NGOs (including faith-based organizations), 67 foundations, 61 trade associations, 11 bilateral donors, 18 multilateral donors, 75 federal or national government agencies (in the US and host countries), 17 local government agencies, 50 higher learning institutions, and 5 regional organizations. Many of these partners had no prior experience as a USAID implementing partner or cooperating agency.

Public-private alliances have allowed USAID and its partners to adopt an approach that deepens the impact of joint interventions in the countries where USAID works. For example, the Angola Enterprise Development Alliance with ChevronTexaco is an unprecedented public-private alliance in which the parties work together on program design, while USAID takes the lead on programming, solicitation, obligation, and implementation. Through a commitment of $10 million fully matched by a USAID investment of $10 million, the alliance targets: agribusiness development; small, medium, and micro enterprise development; financial sector capacity-building for expanded access to credit services; and financial and technical support services to agribusiness activities, such as seed multiplication and crop diversification. One immediate impact of these efforts will be to help reintegrate 100,000 ex-combatants - whose dependents exceed 350,000 - into the formal economy. This flagship alliance has nearly doubled the mission's programming budget while advancing ChevronTexaco's Corporate Social Responsibility (CSR) goals to develop Angola's workforce and cultivate local business support services along its in-country supply chain.

Since April 2003, the Coffee Corps Alliance has provided 47 pro bono Coffee consultants and devoted over 5,000 hours of technical assistance in 16 countries in Africa and Latin America. In cooperation with the Coffee Quality Institute, this alliance has supported transparent price mechanisms for coffee. This alliance employs the Q-Auction, an innovative online means of connecting quality coffee growers with buyers, that delivers 75% of revenues back to producers and 2% to a national fund for community development. A critical success component of this alliance is the Coffee Corps: a group of volunteers passionate about coffee and willing to share their time and talents with coffee farmers and coffee communities. The Coffee Quality Institute works with groups in producing countries in Africa and Latin America to identify business and humanitarian needs with which Coffee Corps volunteers can make a difference.

Alliances supported by USAID in FY 03 capitalized on FY02 efforts, such as the Foods Resource Bank Alliance. This innovative alliance mobilizes the goodwill donations of technical expertise and commodities from farmers, agricultural firms, and church groups throughout the United States to address international food security challenges in Kenya, Ghana, Zambia, Malawi and 18 additional countries. Foods Resource Bank (FRB) is a faith-based organization that conducts outreach to American farmers on food security issues in the developing world. In its short 5-year existence, FRB has initiated 154 U.S.-based rural community growing projects. These are “twinned” with 93 suburban/urban communities (for financial support) to produce over 5,000 acres of marketable agricultural crops. These commodities are sold in the

U.S. and the funds used to implement smallholder sustainable food security programs in the developing world. Because administrative costs are funded by the organization's separate fundraising, one hundred percent of the revenue generated by community growing projects goes to overseas programming. USAID then matches the amount of funds raised to double total program resources. Each program serves approximately 10,000 people at an annual cost of about $4.00 per person, or one cent per day. This is not emergency feeding or disaster relief; rather, it initiates and develops a sustainable food security system that allows people to know the dignity and pride of feeding themselves and their families.

In the Global Alliance for Vaccines and Immunizations (GAVI), a $750 million investment from the Bill and Melinda Gates Foundation dwarfs USAID's commitment of $111 million. GAVI brings together governments in developing and developed countries, vaccine manufacturers, NGOs, research institutes, UNICEF, the World Health Organization, the Bill & Melinda Gates Foundation and the World Bank to save children's lives and protect human health through the widespread use of vaccines. This massive investment in vaccines has reached millions of children while bringing down prices, making vaccinations more obtainable. A 10-dose vial of hepatitis B vaccine, for example, cost $0.43 in 2001. Through this alliance, the cost is $0.28, projected to fall to $0.25 by 2006. USAID could not fund this level of vaccinations alone; the added resources of our partners make this possible.

The Entra 21 alliance in Latin America and the Caribbean matches $3 million from USAID with over $20 million from partners. In this region, over half the population is under the age of 25 and as many as two-thirds are not enrolled in school and cannot find jobs, contributing to unemployment as high as 40%. Meanwhile, demand for information and communication technology (ICT) skills is expected to rise sharply in the region. Entra 21 will train 12,000 youth and place 4,800 in jobs. While USAID has experience creating and implementing programs that invest in youth skills and job training in developing countries, and designs these programs to reflect labor market demand, the GDA initiative allows USAID to reach many more youth than it could without the additional funding, and to collaborate with prominent companies in the ICT field. The InterAmerican Development Bank, Nokia, Microsoft, Cisco Systems, and other corporate donors are partners in the Entra 21 alliance.

During FY 2004, the GDA Secretariat accelerated the momentum of Agency-wide alliance creation by actively soliciting new alliances (of which the Secretariat supported 60 through the GDA Secretariat Incentive Fund) while supporting central bureau efforts and providing technical assistance to field missions. In addition, the public-private alliance business model is beginning to be embedded into USAID's principal program planning and implementation documents. Legal and procurement staffs have also continued to resolve procedural issues. One of the most important mainstreaming successes of FY 2004 was the creation of a new obligating instrument for the Agency. This new collaboration agreement will enhance the Agency's ability to develop alliances with non-traditional partners and will be operational in the first quarter of 2005. This mechanism is intended to reflect the partnership nature of development alliances, rather than procurement, or "purchase of goods or services" nature of a procurement contract. It also represents a more involved relationship between the Agency and the partner than allowed through a grant or cooperative agreement. The Secretariat also continued to revise and expand its "Tools for Alliance Builders" reference guide in light of needs Agency staff.

In FY 2004, the Agency initiated a rigorous mid-term assessment of USAID's public-private alliance experiences to-date in order to inform decisions for the future. The following were the key recommendations:

- The GDA concept has been broadly accepted in the Agency and its purpose is well known. There is acceptance of the value of partnering, including with the for-profit private sector, and there are successful examples of GDA alliances in all regions where USAID operates.
- Procurement and competition remain challenging issues. Negotiating alliances with the private sector and other nontraditional partners is a dynamic process that requires flexibility, but many of the Agency's processes are rigid and slow. Accordingly, the GDA Secretariat and the Agency's procurement office are working on new approaches to better support alliance development.
- The Agency is taking steps to better incorporate public-private alliance building and management into its business operations. These steps should include: emphasizing GDA in USAID's strategic thinking

and long-term planning; phasing out GDA incentive funds so that alliances compete for Agency resources on a level playing field; relocating the GDA Secretariat's key functions to other USAID bureaus; and, building up the Agency's capacity to provide technical support to assist in the development of GDA alliances.

The GDA has addressed these recommendations in its FY 2004 activities and will continue to do so in FY 2005 and FY 2006. The mid-term assessment of GDA found that the Agency staff widely recognized that public-private alliance building is an effective way to do business, however there is much work to do in building the knowledge and skills of Agency staff in how to do it. From an operational perspective, it is increasingly clear that the time needed for USAID personnel worldwide to fully take on the responsibilities of alliance building -- an area unfamiliar to many which requires a significant shift in perspective and behavior -- is a key limiting factor. As a result, the GDA Secretariat is co-funding the placement of Regional Alliance Builders, three in Africa and one in the Caribbean. From a budget allocation point of view, the shift appears to be taking place to a reasonable degree as operating units have begun to contemplate issues surrounding funding alliances in the normal budget request cycle. It has also become clear that public-private alliance building is a key approach for USAID to have successful development programs, especially in middle income countries and as a legacy mechanism for countries nearing graduation.

# Results Framework

**020-001 Program Development and Learning: Global Development Alliance**
**020-002 Development Alliance Fund**