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Global Development Alliance

April 2007





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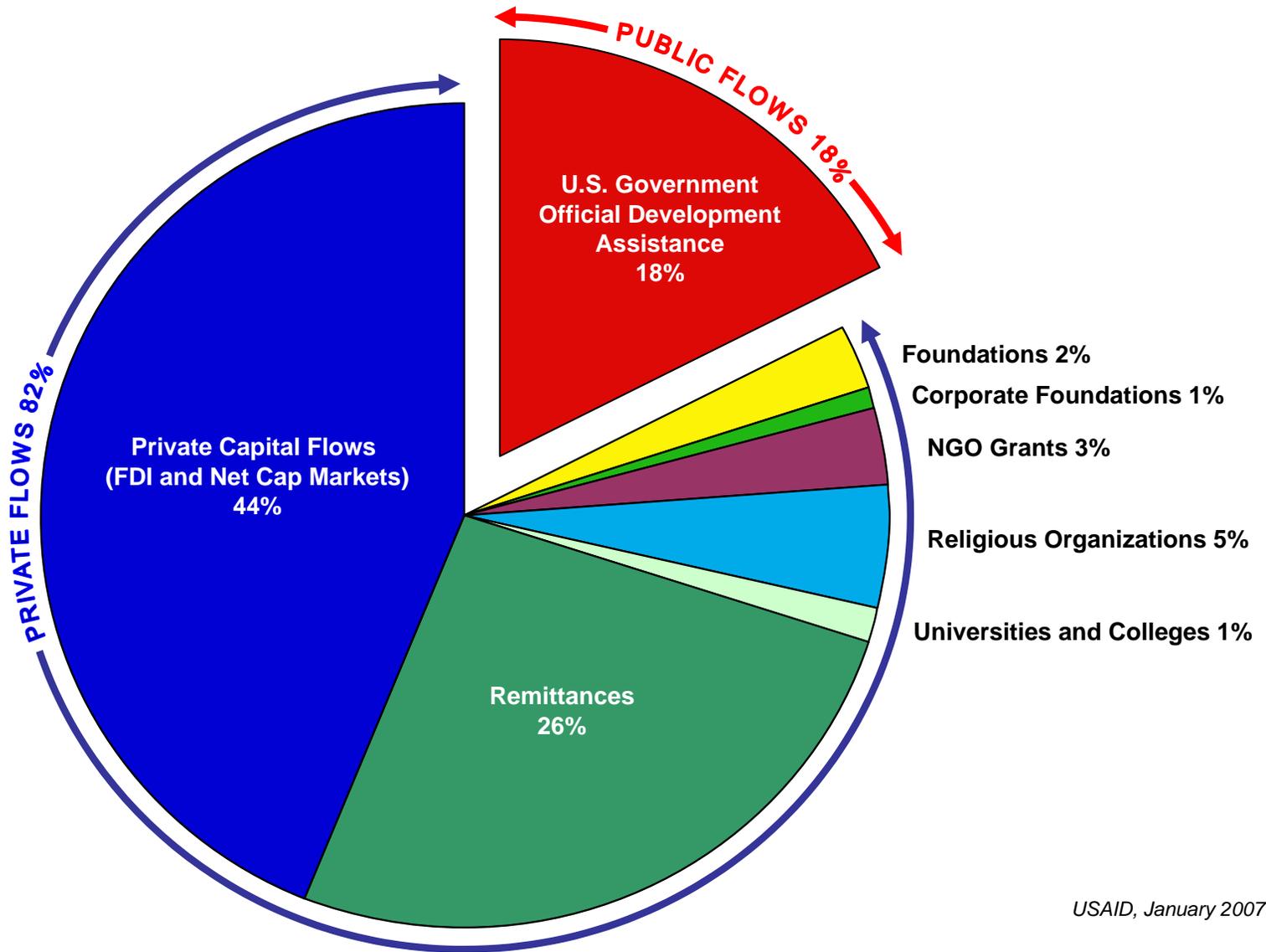
Presentation Overview

- **Context of GDA**
- **Why GDA?**
- **What Is GDA?**
- **What It's Not**
- **Relevance and Issues**
- **Experience to Date**



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US Total Resource Flows to the Developing World in 2005: \$158 Billion



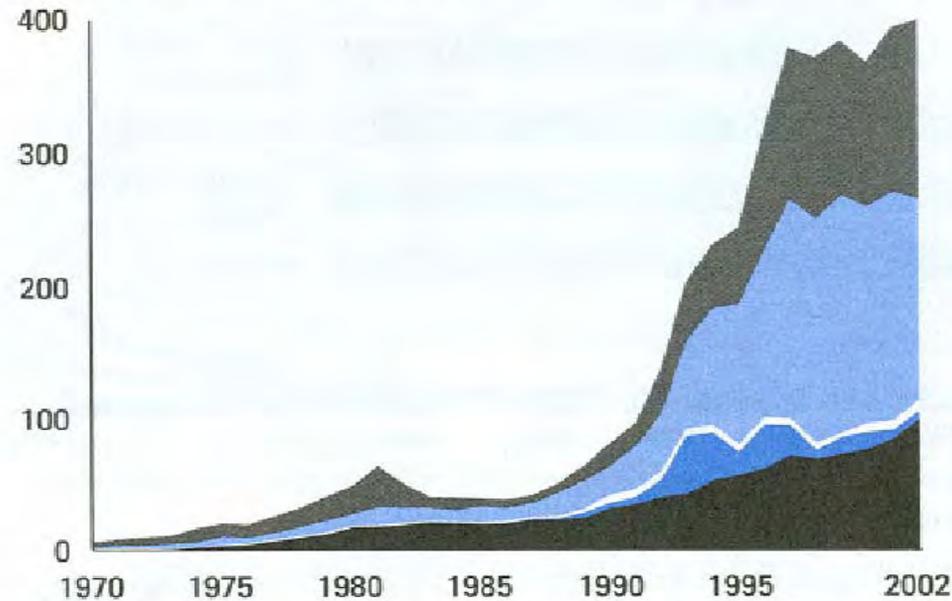


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Unofficial Flows to Developing Nations

Figure 1 Unofficial flows far outstrip official flows to developing count

Gross unofficial flows (US\$ billions)



- Private, nonguaranteed debt
- Portfolio equity (net)
- Foreign direct investment (net)
- Remittances
- NGO grants

Gross official flows (US\$ billions)



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What is the GDA Business Model ?

For USAID this means:

- **a shift in our culture and roles**
- **a shift in our strategic thinking**
- **a shift in some of our business practices, enhanced agility and speed**



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What Public-Private Alliances (PPA) are NOT

PPAs are NOT entirely new

PPAs are NOT everything we do

PPAs are NOT a “thing we do” but a way we do the things we do

PPAs are NOT another passing development fad



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Incentives for Business

- ✓ **Increased market shares**
- ✓ **Reputation boost due to public perception of corporate social responsibility**
- ✓ **Access to USAID's strengths:**
 - **Collaboration with policymakers and key institutions**
 - **Development expertise**
 - **Long-term in-country presence**
 - **Funding**
 - **Network of local and global partners**



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What Partners Contribute

Funding

Markets & Purchasing Power

**Activity Design Better Connected to
Market Realities**

Technology & Intellectual Property

Skills, Services & Expertise

Synergies Resulting from Joint Efforts



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Alliance Summary for FY 02 – 05*

**Approximately 400 alliances Agency-wide
With over \$1.4 billion in USAID funds
leveraging over \$4.6 billion in partner resources**

- **Africa:** 97 country-specific & 29 regional totaling \$1.41b
- **Asia/Near East:** 55 country & 7 regional totaling \$303m
- **Europe & Eurasia:** 52 country & 9 regional totaling \$307m
- **Latin America:** 72 country & 22 regional totaling \$443m
- **Worldwide:** 54 global alliances totaling \$3.573b

This information is updated regularly and subject to change

Base: 2006 Matrix



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Alliance Snapshot

❖ Global Health

- Avian Influenza
- Global Alliance for Improved Nutrition (GAIN)

❖ Education

- Computerization of Primary and Secondary Schools (Macedonia)
- Books for Africa
- Sesame Street

❖ Economic Growth

- Finance Alliance for Sustainable Trade (Africa/LAC)
- International Accounting Alliance



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Alliance Snapshot

❖ IT

- Cisco Learning Academies (Africa, Afghanistan, Iraq)
- AMIR/CASE Foundation ICT Project (Jordan)

❖ Agriculture

- International Small Group and Tree Planting Program (Tanzania)
- Milk Collection Centers Alliance (Zambia)

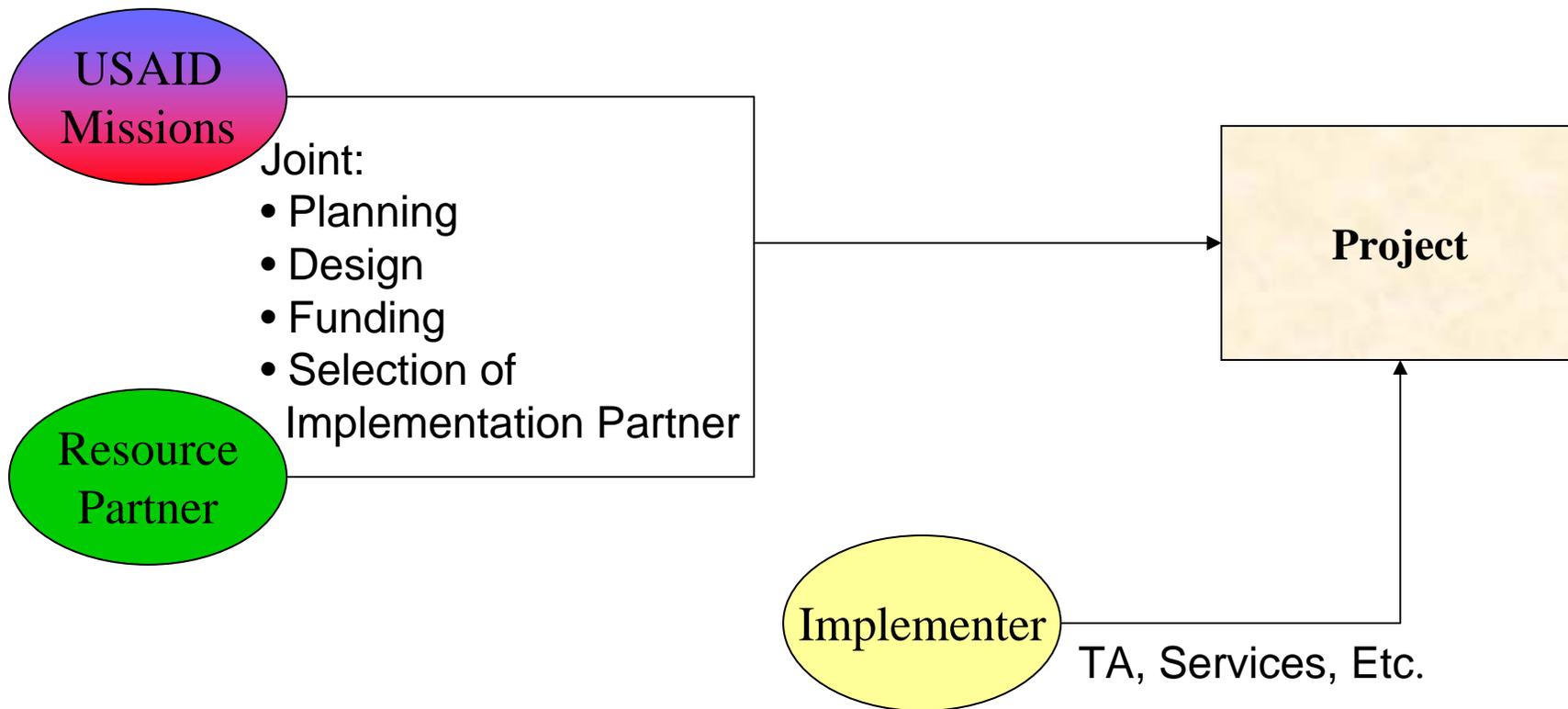
❖ Anti-Corruption/Governance/Democracy

- Balkan Trust for Democracy
- Truth and Reconciliation in Colombia



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USAID's GDA Model





Some Lessons and Issues

- Along with considerable success has come a number of issues:
- Alliances are staff intensive; USAID is short-staffed
- Budgetary “headroom” is often a problem [earmarks, mortgages, budget cuts]
- Different expectations about timeframes and delays [both sides, but often within USAID’s system]
- Obligations schedules, procurement concerns, etc.



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Future Trends

- **“Bottom of the Pyramid”**
- **Corporate Social Responsibility**
- **Social Entrepreneurship**
- **Diaspora Mobilization**
- **Remittances**
- **MCA linkages**
- **Legacy Mechanisms for Middle-Income Countries**
- **Focus on Results**
- **Relationship Management / Alliance Governance**



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4 billion people

72% of world population

Poor by any measure

<\$3.35/day Brazil

<\$2.11/day China

<\$1.56/day India

Poorly served

unmet needs

informality trap

BOP penalty

UNCOMPETITIVE MARKETS



THE NEXT 4 BILLION

MARKET SIZE AND BUSINESS STRATEGY
AT THE BASE OF THE PYRAMID





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BOP MARKET BY INCOME SEGMENT

Asia
\$3,470 billion

BOP3000

BOP2500

BOP2000

BOP1500

BOP1000

BOP500



WORLD RESOURCES INSTITUTE

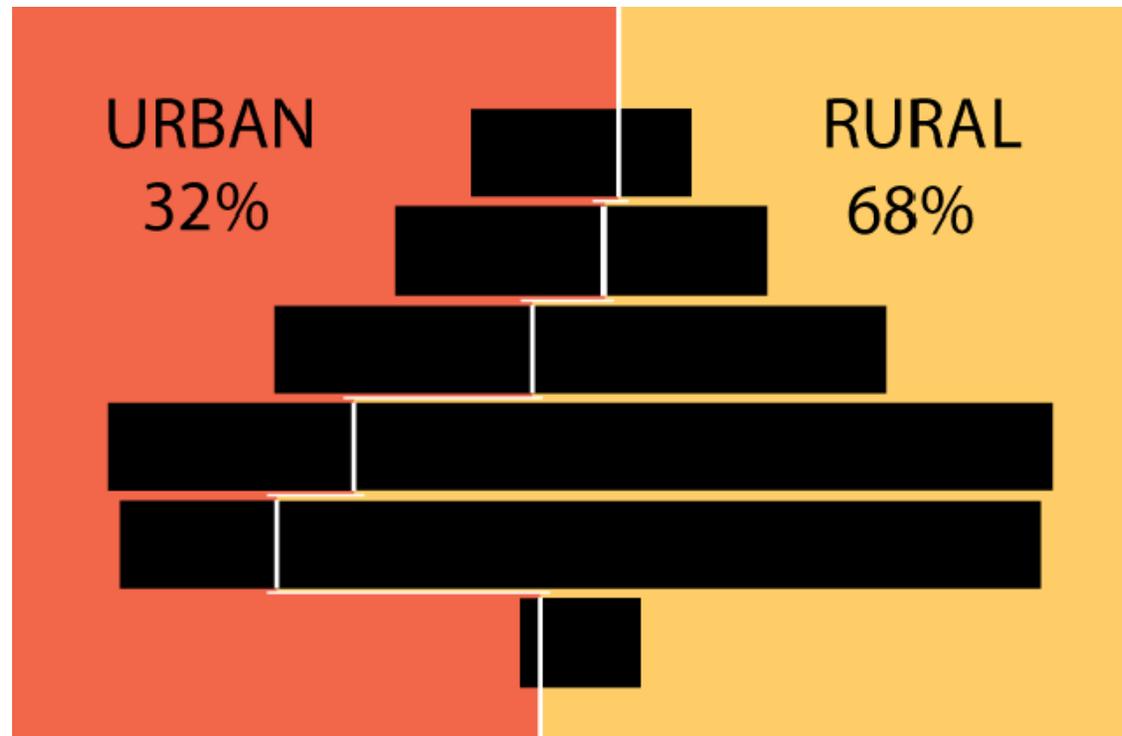


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By urban/rural...

Asia

TOTAL BOP SPENDING BY BOP SEGMENT





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The Message for Business

- Significant underserved markets
- Can be served profitably
—this report documents the BOP willingness to pay for quality service and products
- Requires the right strategy—which may look a lot like development
- Requires the right partners



The Message for the Development Community

- The poor are already consumers
- Private sector strategies have untapped potential —can lower prices, raise quality, increase access, create jobs
- Only private sector approach can scale to meet the needs of 4 billion people
- Smart development and BOP market approach are complementary



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Alliance Lessons Learned

- **Building partnerships requires patience and time to define objectives and to build trust**
- **Partnership involves shared definition of problems, joint design of solutions, and mutual understanding of roles & relationships**
- **Partnerships require investments in relation management**
- **Flexibility is vital - there is no "one size fits all"**



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Thank You!

**For more information on USAID's Global
Development Alliance , please go to:**

<http://inside.usaid.gov/GDA/>

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