The Public-Private Alliances of USAID in Angola: An Assessment of Lessons Learned and Ways Forward

Consultancy to USAID/Angola Mission

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Executive Summary

Since 2002, USAID in Angola has been engaged in a partnership with ChevronTexaco. The partnership is guided by an MOU, which commits $10 million from ChevronTexaco with a match of $10 million from USAID to enterprise development activities in Angola over the subsequent five years. During the first two years approximately 85% of the total funds under the MOU have been allocated. Additionally, numerous other public-private alliances have spawned during this period, expanding USAID's role to include brokering alliances and even providing direct technical assistance to a company. These have considerably expanded the Mission's role in alliance building in Angola and challenged its limited resources.

USAID/Angola's alliance with Chevron has inspired other private sector firms to initiate dialogue with the Agency's GDA Secretariat and the Mission on establishing a similar type of alliance or partnership. The Mission has a vision of leveraging significantly more resources and support from public private sector partnership to support programs where there is a mutual interest over the next five to ten years. Currently, there are public private partnerships in two of the Mission's three strategic objectives and one special objective. These cover health, food security and agriculture, economic policy reform and small, micro and medium enterprise development.

The Mission called upon an independent consultant who was joined by USAID's Washington-based Global Oil and Gas Advisor to assist in three ways:

(1) To identify lessons learned thus far in USAID/Angola's experience in building and managing public private sector alliances;
(2) To identify constraints and opportunities within the Agency, USAID/Angola, existing and potential private sector partners in Angola and their headquarters, and local stakeholders in building and managing public private sector partnerships; and
(3) To assist USAID/Angola key staff in negotiating the expansion of existing partnerships and the development of new public private sector partnerships.

A complete version of the scope of work is provided as Annex One.

USAID's existing Angola alliance work is well-known by many organizations within the country. A focused approach to alliance building as part of the new strategy should bring in both additional resources and the new ideas needed for Angolan development. Following is a summary of lessons learned and recommendations.

Lessons Learned

USAID/Angola's experience represents a rich field of lessons for public-private alliance building. We have documented some below, and incorporated them into the recommendations. These lessons are further elaborated in Section V, starting on page 35.

A. About Public-Private Alliances (p35)

1. Underlying many public-private alliances are three core elements: strong personal relationships; mutual need that may be addressed through one or more collaborative activities; and involvement of individuals with organizational authority to act. These factors can be important considerations in resource allocation during the early stages of engagement and building relationships.

2. ChevronTexaco has benefited significantly from its $10 million investment in an alliance with USAID. As USAID had already invested resources in planning and designing programs that were ready to go, ChevronTexaco was able to demonstrate immediate impact based on the combination of USAID's and its resources.

3. Most of the alliances in Angola are local and oil companies are not prepared at present to make the kind of commitment that ChevronTexaco did with USAID. Nevertheless at least two have approached USAID, but the Mission does not have the capacity to followup.

4. USAID and many multinational companies are well-positioned to support sustainable development in Angola in a mutually reinforcing way as both are likely to have strategic interests there.

B. On USAID's Comparative Advantage (p36)

1. USAID has vast experience in bringing together a diverse group of national and international experts, governmental and non-governmental organizations as well as for-profit and non-profit organizations to design programs. It has the capacity to then choose the right combination of organizations with different capacities to implement programs. As a government agency, USAID is also well positioned to convene and coordinate funding with bilateral and multi-lateral donors. Finally, it has the experience and a record of achieving the development goals and objectives established for the programs.

2. USAID has a significant non-financial development role in alliance building. USAID's involvement with a development organization gives that organization a valued "seal of approval," which in turn has enabled companies to financially support those organizations with high confidence.

3. There remains greater potential for USAID to work more and to work more systematically with the Angolan government. Government reform and getting the

government to allocate more revenues to developing and rebuilding the country are key areas where USAID can play an important role together with the other donor.

4. An orientation toward specific projects and their funding sometimes undermines USAID’s comparative advantage in public-private alliances. A systematic analysis of companies and opportunities in Angola is likely to yield possibilities for powerful alliances in support of development.

5. USAID’s added value in a public-private alliance is only understood in a general sense. There is some confusion about USAID’s capacity vis a vis that of large PVOs, and USAID would benefit from distinguishing itself and its added value.

6. Development actors prefer multi-year commitments, so programs can operate with a view to building sustainability. PVOs find USAID more ready than large companies to make such multi-year commitments.

C. Organization and systems of the Mission (p38)

1. Capacity building is an area where both governmental and multinational company interests merge with USAID’s own long-standing commitment.

2. National NGOs do not feel fully valued and recognized in international development circles, and this is exacerbated in the presence of large PVOs.

3. USAID’s facilitative role needs to be explicitly recognized as a measurable result of the focus on public-private alliance building.

4. There is a need for systems to manage continuous engagement with potential alliance partners and to make conscious decisions in the context of the overall priorities of the Mission.

D. Coordination with GDA in Washington (p39)

1. Greater coordination can generate opportunities for greater impact. Large visionary type alliances usually come from corporate headquarters office as they are more likely to have the three pre-requisites: personal commitment to work toward a relationship; mutual need and resources at their disposal; and the authority to make decisions on a large scale.

2. Larger alliances are better positioned to capitalize on USAID’s comparative advantage toward designing and managing large and complex projects. Company foundations and corporate headquarters offices are important in supporting such alliances, especially over the long term.

3. Direct funding support from GDA can be critical to advancing public-private partnerships at the Mission level. There is especially a large gap in understanding the

types of alliances that make best use of USAID's comparative advantage toward greatest development impact.

Key Recommendations

The core of our recommendations is that the Mission itself needs to take a decision about the extent to which it wishes to pursue the business model that GDA represents. The smallness of the Angola Mission and the vast resources within the country beg for an alternative to traditional development models. USAID has the unique potential to model good programs in key areas of interest, and then to help mobilize other resources to expand its development impact.

1. Invest in and further pursue public-private alliances as a core strategy to achieve development goals.

2. Develop a special objective on alliances so it is in the mainstream and focus it on a cross-cutting theme that also has relevance in the Angolan context such as local capacity building.

Additional recommendations below follow the specific guidelines of the scope of work. They are further elaborated in section VI, beginning on page 41.

A. USAID/Angola's capacity to manage existing public private partnerships (p41)

1. Set up internal systems for more transparency on public private alliances.
2. Strengthen USAID Mission staff knowledge about and capacities in working with large businesses.
3. Allocate necessary human resources to carry out public-private alliance building activities.

B. Potential for specific technical focus areas (p43)

1. Decision is needed as to how public-private alliance building fits in with the rest of USAID's work.
2. Since many technical areas are possible, we recommend an SO on public-private alliances that will focus on a cross-cutting theme such as capacity building.

C. Incorporate lessons learned to propose systematic approach (p44)

1. Construct the foundations for expertise in public-private alliances. Focus beyond the oil industry. Ensure Continuous Engagement. Ensure staff at Mission are trained. Identify indicators for alliance monitoring and impact.

2. To implement public-private alliances, establish a decision making process on alliances with quick turnaround. Analyze the development impacts of different types of alliances. Use convening authority to facilitate and promote public-private alliances. Use convening authority to address NICRA issues. Link development programs with business operations.

D. Potential in Angola for USAID to leverage private sector resources (p47)

1. Market the work done so far.
2. Articulate and promote USAID's comparative advantage in Angola as distinct from PVOs and NGOs.
3. Coordinate with and seek budget support from USAID/Washington.

E. Angolan Government's Ministry of Planning and Sonangol's interest in public private partnerships (p50)

1. Extend contact and engage with GOA
2. Promote sustainability

Conclusions

The overall conclusion is that partnership activities to date were successful in terms of expanding positive development impacts in Angola as well as to ChevronTexaco's overall corporate goals, especially the extension of their Block 0 license and their reputation in Angola. The US has strong strategic interests in Angola, which plays an active role in African and world affairs and currently sits on the UN Security Council. It is also a key supplier of oil to the global energy market, is not a member of OPEC, and is discussed in the U.S. National Energy plan. The next three years will be critical to Angola's transition and will represent an important opportunity to demonstrate the potential for increased development impacts through business alliances. We therefore recommend further investments to pursue this approach in Angola.

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I. Introduction

Angola has tremendous development needs after many years of war. The presence of significant foreign direct investment by a number of multinationals offers hope for the future. It also argues for public-private partnerships as an integral part of the USAID Mission's strategy for development in Angola. Since 2002, USAID in Angola has been engaged in a partnership with ChevronTexaco. The partnership is guided by an MOU, which commits $10 million from ChevronTexaco with a match of $10 million from USAID for agriculture and enterprise development activities in Angola over the subsequent five years. During the first two years approximately 85% of the total funds under the MOU have been allocated, an indicator of the tremendous need in Angola as well as a credit to USAID's ability to move resources quickly and effectively.

After Alliance-related activities were well underway, ChevronTexaco changed its point of contact from its headquarters in California to its business unit in Luanda. This created a period of adjustment that required both sides getting to know the new structure of the company in Luanda. To facilitate this process, USAID hired two consultants whose work resulted in a framework that laid out the different responsibilities as well as processes by which the Enterprise Development Alliance would take decisions. This process was never acted upon and USAID did not get comments from ChevronTexaco about improving or otherwise changing it. The report's recommendation to hire an institutional contractor to manage the alliance-related projects was also rejected by ChevronTexaco. In June 2004, ChevronTexaco's Luanda team participated with USAID on a workshop that initiated a process of exchange and getting to know each other.

The USAID Mission then called upon an independent consultant who was joined by USAID's Global Oil and Gas Advisor to assist in three ways:

(4) To identify lessons learned thus far in USAID/Angola's experience in building and managing public private sector alliances;

(5) To identify constraints and opportunities within the Agency, USAID/Angola, existing and potential private sector partners in Angola and their headquarters, and local stakeholders in building and managing public private sector partnerships; and

(6) To assist USAID/Angola key staff in negotiating the expansion of existing partnerships and the development of new public private sector partnerships.

A complete version of the scope of work is provided as Annex One.

As USAID was learning to understand and improve its relationship with the local ChevronTexaco office, numerous other public-private alliances have spawned, expanding USAID's role to include brokering alliances and even providing direct technical assistance to a company. These have considerably expanded the Mission's role in alliance building in Angola and challenged its limited resources. Understanding the goals and structure of partner organizations is important. Recently Chevron-Texaco extended its license for Block 0 for 20 years at a cost of $300 million and this may have been one issue considered in starting their first USAID alliance activity in Angola. BP expressed an interest in working with USAID on solar energy—this is not surprising since it is a manufacturer of solar panels.

The Mission has already accomplished a great deal but the development of a new Mission strategy, currently under way, gives the Mission an opportunity to set up a special objective in alliance building that will emphasize the use of public-private partnerships to assist Angola. A flexible strategy that will enable the Mission to maximize alliance activities could also serve as a model for other Missions.

A significant added value of USAID that often goes unrecognized in explicit terms has to do with the specific work of USAID and the large scope of resources available to it. USAID employees design development programs and statements of work not only based on their expertise and experience, but also in accordance with US government strategic interests. To do this they draw from the knowledge and experience of PVOs as well as an array of other types of expertise from the academic and business communities as well as the host government and NGOs. It is not unusual for USAID employees themselves to have worked in PVOs previously or for PVO employees to have been employed by USAID. USAID then makes a determination as to which combination of organizations is best positioned to implement the proposed work. This may involve one or some combination of PVOs, NGOs, for-profit contractors or another government agency. This vast connectedness is especially valuable in the context of building alliances, where the capacity to recognize and combine different strengths, perspectives and organizational forms into sound development programs is essential.

The implementing agency(ies) that work under USAID guidance and review are also subject to strict guidelines and standards for reporting to Congress. The high standards imposed by USAID on its implementers can limit the ability of smaller NGOs to bid effectively as implementers of USAID projects. On the other hand, even prior to GDA, USAID has held a longstanding policy of promoting collaborative implementation with local partners, including building local capacity.

USAID is guided by the American government's foreign policy objectives and Angola's oil potential makes it a country of strategic importance to the U.S. Additionally, with trends leaning toward increased oil dependence in North America and increasing demand from India and China as they industrialize, Angola's oil reserves can only become more important to the U.S. Thus it is safe to conclude that it is likely that the US presence in Angola is for the long term. The question is how to optimize the Mission's role in an environment where there are tremendous local resources, but they are not available to its people.

The Report

The content of this report follows the guidance provided in the scope of work. The report begins with a discussion of public-private alliances as a key pillar of USAID and in the broader field of corporate social responsibility. We then describe our methodology. Considerable attention is given to key findings for two reasons. First, several key staff in the Mission are expected to change in the next year and recording our findings strengthens institutional memory. Thus, we also include corporate and PVO perspectives in our findings. Second, unexpectedly, the findings revealed an amazing array of types of alliances to which the Mission has contributed—often in ways that are not documented because of the qualitatively different aspects to alliance building as contrasted with the other pillars of USAID. We attempt to capture this richness of alliances in the section on findings and the associated Annex Three. Though separated in the text, the sections on lessons learned and recommendations are inter-connected. The former extracts the general from the particular while the latter focuses on proposed actions. The recommendations are organized by specific issues raised in the scope of work, and additional remarks are included in the concluding section.

II. Public Private Alliances

Research and practice increasingly show positive correlations between business success and social responsibility. For instance, USAID's own study showed that HIV/AIDS prevention and treatment could reduce a company's direct and indirect losses from HIV/AIDS by as much as 40 percent.[1]

A. USAID's Global Development Alliance

The following discussion of the Global Development Alliance is oriented toward one of the major findings of this study that there is considerable confusion about the meaning of GDA in practice for both USAID and for PVOs. We identified some significant perception gaps that will hopefully be cleared for PVOs as well as potential corporate partners.

First, GDA recognizes global changes associated with the source of money flows, which results in the mobilization of far greater private resources than that of government. This is a significant change from the past when governments took on a substantial financial role in influencing development, and therefore used development strategies that principally relied on governmental financial resources. GDA is a business model for USAID, which responds to this change by emphasizing alliance building with different segments of society, including businesses, to leverage the unique array of resources USAID brings toward the achievement of greatest development impact.

Second, there is a misunderstanding that USAID/GDA's focus is on fundraising whereas funding may only be part of the equation and even then not the most important part. GDA represents a change in strategy where,

> *We will now make investments in tandem with NGOs and PVOs, with the private sector, and with foundations.* (Andrew Natsios, 2002)

Natsios further points out that USAID's new business model, GDA, seeks to place development efforts on a path that is more sustainable than the historic grant-based programs of USAID. This entails recognizing more explicitly that USAID is one of many development actors, each with different strengths. It requires thinking differently about development where money and traditional types of expertise are only two small parts of a larger world of capacities, different types of knowledge and different types of resources. Thus, funding is often part of the equation, but USAID's focus is not to fundraise from corporations or other sources. Indeed, as a governmental organization, it is unique in that it does not need to raise funds to continue its work. However, through creative partnerships, it is able to increase the impact of development toward greater effectiveness.

[1] Frontline, "Study Shows Treating Workers for AIDS Cuts Business Costs," p5.

B. Corporate social responsibility

Today, the business case for social responsibility is vast and documented by numerous scholars and practitioners.[2] John Ruggie of Harvard's Kennedy School of Government observes three important changes that drive corporate social responsibility beyond philanthropy.[3]

1. He points to the activities of the companies themselves that have been destructive to the environment and harmful to people.
2. He also identifies the public perception that large businesses are increasing in power while governments are not able to keep up with their social contract to the public.
3. Ruggie points to the "global reach" of corporations without the corresponding public institutions that might monitor and regulate at the transnational level.

In addition to the reasons for social responsibility cited in the literature, there are some very practical reasons for companies to pay attention to the movement towards corporate social responsibility. One important reason is increasing shareholder activism. Shareholder advocacy also increased by 15 percent just between 2001 and 2003, and these shareholders controlled $441 billion in portfolios.[4]

Large organizations such as governments as well as international PVOs have recognized this trend and the potential for alliance building that combines their expertise and relatively smaller resources with the interests and resources of large corporations. Since the establishment of the GDA within USAID, the United Nations also has come forward to link CSR with the achievement of development goals. Increasingly large PVOs as well have begun to develop the capacity to identify potential business partners drawing on funding as well as other resources of the business sector to accomplish their development goals.

Critics of the emerging alliances have argued that there is no room for poor people in the institutions that govern the operations of multinational businesses.[5] These groups are concerned about cooption and question the ability of governments to fulfill their social contract to the public as monitoring entities when they are also in partnership with businesses. On the other hand, governments are able to play a critical role both as conveners of multiple interests and as facilitators and promoters of sustainable development.

[2] Organizations such as International Business Leaders Forum, Business for Social Responsibility, AccountAbility, SustainAbility, and academic centers such as Harvard University's Center for Business and Government as well as individual practitioners such as this author have documented the case for businesses to engage on social development.
[3] (Ruggie, 2004).
[4] (Social Investment Forum, 2003).
[5] See, for instance, (Madeley, 1999).

III. Methodology

This report is based on a combination of data from key interviews and a review of documents related to existing public-private partnerships of USAID in Angola and USAID/Washington. We also consulted with USAID/Nigeria on their experience. We interviewed a total of 34 individuals over 7 days. A list of people contacted is provided in Annex Two. A team of two individuals, an independent consultant and USAID's Global Oil and Gas Advisor, conducted the interviews. The team conducted most interviews together.

There are some significant limitations to the consultants' work in Luanda. Perhaps the most significant of these is that a number of the key personnel interviewed within the Mission are expected to leave in the next year. These people represent much of the historical memory of the office with respect to the partnership with ChevronTexaco. In addition, the team only stayed in Luanda and did not visit any of the projects carried out under alliance programs. Our perspective is therefore reliant on information found in Luanda.

The Mission anticipates a new position with partial responsibility for public-private partnerships. That person will likely serve as the point of contact for companies. However, that person is not due to arrive until next spring and was not part of this work. Thirdly, some other personnel were in transition, such as the Mission Director and General Development Officer, and were therefore absent during the visit.

On the ChevronTexaco side as well, they were in the process of developing their own strategic framework for sustainable development in Angola. That is due to be completed in the near future, but was not final or available for review during this visit.

The emphasis on PVOs in this report reflects the focus of our interviews on PVOs that are engaged in the implementation of the ChevronTexaco-USAID alliance. It does not reflect the vast array of implementing agencies that USAID typically works with. In Angola, for instance, implementers include for-profit consulting firms that are American, local and international, non-profit local, U.S., and international NGOs, American and non-American consultants, and grants with host governments. Humanitarian assistance has been implemented principally but not exclusively through American PVOs. Some were local and non-American, such as GOAL (Irish), Oxfam U.K., and Development Workshop (Canadian). Food aid was also provided through the World Food Programme (United Nations). All these were not included in the data gathering segment of this study.

IV. Findings

Perhaps the most striking aspect of the consultants' findings is the vast number and types of alliances we identified even during the short period of our interviews. They are discussed in some detail below, and summarized in a matrix provided as annex three. We also encountered numerous ways by which different companies are able to fund social responsibility initiatives. These vary from a philanthropic approach to sustainable development. Some of these are also documented below.

It may be important to note that the examples below involve a mix of corporate headquarters and local business unit funding. The initial ChevronTexaco funds were part of a corporate effort, a challenge to the company by the Angolan government, to make a significant development contribution to the country. Similar headquarters level funding commitments have been far larger. For instance, ExxonMobil recently gave $100 million to Stanford University for work on climate change. The resources of local business units tend to be far smaller than those at headquarters, and the room for large visionary initiatives appears to be greater at the headquarters level. The role of GDA cannot be emphasized enough with respect to relationship building at the headquarters level as well.

Both at the headquarters level and in identifying strategic opportunities in specific countries, Mission initiatives can be more powerful when they have been identified through sound analysis and are carried out in collaboration with GDA, thus maximizing contacts at both local and global levels. The Coca Cola example provided below is one that demonstrates the multiple sources of funds within one company that together can be strategically used to focus on one issue in one country. However, understanding the structures of Coca Cola and optimizing on such transnational opportunities requires analysis on USAID's part that extends beyond the country level.

A. The Many Types of Alliances

We discuss four major types of alliances. Each type carries particular strengths and weaknesses, and is more or less amenable to USAID's comparative advantage as a governmental organization engaged in activities that support sustainable development. The four types discussed below are:

1. ChevronTexaco (ChevronTexaco)-USAID and implementing organizations
2. USAID as facilitator, but not funder
3. Direct business funding to PVO without USAID involvement
4. USAID and business separately funding same project

1. ChevronTexaco-USAID and an array of implementing partners

This type is one where the company channels its funds through USAID. It is optimal when a company wants to make a large impact but does not have the development expertise. In such a situation the company needs the assistance of a development organization with vast experience, knowledge about development, contacts within the development community and a high standard of quality and accountability. This model is demonstrated in the case of Chevron Texaco and USAID. Two examples of this type are discussed below:

a) ChevronTexaco direct funding to USAID/Washington for use in Angola
b) ChevronTexaco direct funding to UNDP for use in Angola

(a) The ChevronTexaco – USAID Alliance (Alliance).

In this instance, USAID/GDA in Washington negotiated the MOU directly with ChevronTexaco's corporate headquarters. The origins of the MOU are traced to David O'Reilly, the CEO of ChevronTexaco, who was asked by the President of Angola to make a substantial contribution to the country. ChevronTexaco was knowledgeable about Cabinda, but not well positioned to make a visible and significant impact in the rest of Angola. ChevronTexaco approached USAID, an organization with vast experience worldwide in a variety of development programs in a wider geographic area than ChevronTexaco in Angola. USAID also offered the benefit of high standards of management, monitoring and accountability.

The focus of ChevronTexaco's interest was human resource and enterprise development in Angola, and the MOU outlines the following five activities for funding:[6]

1. Expansion of finance and business development services to small and medium enterprises in the target provinces;
2. Support to NGOS providing savings and credit products;
3. Technical assistance to commercial banks providing wholesale lending to rural financial institutions;
4. Support for private sector-based agricultural initiatives, including agricultural marketing, seed multiplication, crop diversification and input distribution through technology transfer and support to private sector farmer associations; and
5. Support for professional training and educational programs for SMEs in the agricultural sector in areas such as finance, business planning, product development, and marketing to expand and improve the commercial viability of SME products; and short-term vocational training educational programs for SMEs in the design and development of agriculture infrastructure projects.

In addition, the MOU laid out a process for decision making—a Committee of U.S. and non-U.S. citizens including representatives of USAID and ChevronTexaco as well as others based on mutual agreement.

Motivated by the public challenge put forth by the President of Angola, the ChevronTexaco chairman, Dave O'Reilly, wanted to make a substantial commitment to sustainable development in Angola. ChevronTexaco was interested in developing the capacity of the Angolan workforce. USAID considered ChevronTexaco's requirements, its own resources as well as its assessment of needs in the country at the post-war stage. It returned to the discussion table with a proposal that would combine ChevronTexaco interests in promoting SMEs with the Mission's own focus on helping long standing

[6] (ChevronTexaco Corporation & USAID, November 25, 2002), page 3.

combatants and displaced persons return to normalcy through food security and agribusiness development.

The initial proposal for use of funds, which drew from activities already planned by USAID/Angola, involved three components:[7]

1. Development Relief Program. (ChevronTexaco $4million; USAID $3 million) This program aims to help returned combatants develop small and medium-sized agricultural businesses through formation of more than 150 farming cooperatives. It includes land preparation, rural infrastructure development, seed production and multiplication, harvest protection, crop diversification, technology transfer, formation of farmer associations, establishment of credit programs for seeds and tools and developing market linkages. Implementing partners are World Vision, CARE, Africare, Catholic Relief Services and Save the Children.
2. Enterprise Center. (ChevronTexaco $1 million; USAID $1 million) To establish a private sector bank, Banco Novo, to support the creation and expansion of micro, small and medium-sized enterprises.
3. Small Business Incubator. (ChevronTexaco $100,000; USAID $100,000) To create an independent economic policy and business development hub at an Angolan university that will provide access to continuing education and professional training. Implementing partners is the Angola Educational Assistance Fund.
4. Seed Multiplication. (ChevronTexaco $2 million; USAID $2 million) For agricultural extension services and technical assistance in modern agricultural practices. Implementing agency is World Vision.
5. Vocational Technical School (ASHA). (ChevronTexaco $600,000; USAID $600,000). To create an agricultural research center. Implementing agency is World Vision.

Although the perception is largely that ChevronTexaco contributed funds while USAID contributed its expertise, the actual equation of benefits and contributions is more complex. USAID contributed substantial amounts of Title II Food, which enable infrastructure development. USAID also supported additional programs in target provinces for health, MCH, HIV/AIDS, polio and democracy/governance. USAID conducted technical review of the projects, program oversight and performance and financial monitoring, for which no additional costs were charged to ChevronTexaco.

At USAID the responsibility for planning and implementing the programs under the alliance rested clearly with the Mission. ChevronTexaco, however, retained the responsibility for management of funds at its corporate headquarters. Thus USAID/Angola's contact remained principally with the representative from ChevronTexaco HQ. Indeed, USAID staff had very limited understanding of the workings of ChevronTexaco's business units or the relationships between the business unit and its headquarters. In mid-2003 USAID was notified that ChevronTexaco had

[7] (Cowley & Wilkinson, 2003)

decided to pass on responsibility for the funds to its local business unit, and a resident team became the principal contact for USAID/Angola.

This change coincided with a consultancy sponsored by USAID that resulted in a strategic framework for the Enterprise Development Alliance. The resulting framework laid out processes for decision-making and responsibilities of the members. However, the new team at ChevronTexaco did not accept or otherwise comment on the framework. Comments were also not provided by the headquarters office of ChevronTexaco. The framework was never applied in practice.

USAID remains in a learning mode about the local team, its interests, priorities, and best ways for both to work together. In this regard, a series of meetings have taken place and facilitated an exchange of ideas. However, at the time of this visit, the ChevronTexaco team was developing but had not yet completed its strategic framework, which is likely to help USAID increase its understanding of ChevronTexaco locally.

ChevronTexaco/Angola Perspectives

The commitment from ChevronTexaco gave it considerable leverage in Angola. Benefits to ChevronTexaco are widely acknowledged by the informants we interviewed. Additionally, this year ChevronTexaco was awarded an extension of its Block 0 concession up to 2030. ChevronTexaco has been undergoing its own strategic planning process and is in the process of identifying a set of interests and concerns that will be the focus of its investments in the future. A preliminary document that ChevronTexaco provided to USAID identifies very similar priorities to USAID's. In our interviews we heard a strong preference for local capacity building and inclusion of the Angolan government at all levels as an important means to ensure sustainability.

The ChevronTexaco team also expressed some other issues:

- ChevronTexaco is concerned that although a majority of funds committed in the MOU have been obligated, there remains a need for additional funds for the programs to be sustainable.
- The operational costs of international organizations, and thus the proportion of overhead associated with the use of international PVOs is perceived to be too high. The NICRA charged by American PVOs, of around 25%, was perceived as excessive, covering "high" expatriate salaries while ChevronTexaco interest was to support local organizations.
- They pointed out that USAID funds American organizations and many local NGOs do not qualify for USAID funding.
- The Mission's geographic focus was also perceived as a limitation to ChevronTexaco's hope of national reach.

ChevronTexaco expressed overall a greater desire for more dialogue, exchange of "values" and more "getting to know each other" activities such as the June 4 workshop. They viewed this process of building relationships and sharing values as a critical step to future large-scale collaboration.

USAID/Angola Perspectives

Our interviews revealed that USAID/Angola as well would very much like to take the time to better understand ChevronTexaco, its interests, preferences and priorities. Specifically there is even interest in designing a project that enhances impact in the areas of overlap between the two organizations' interests. Much like ChevronTexaco, USAID is in Angola to stay for the long haul. Thus, the two parties are well positioned to think, plan and take action with the long term view.

USAID/Angola had focused its contact with ChevronTexaco on the headquarters point person assigned to oversee the MOU. This person flew into Luanda periodically and met with Mission representatives. However, after the first year ChevronTexaco shifted responsibility from headquarters to a local office. Since then, the Mission has been working directly with the local office, which is part of the ChevronTexaco Angola business unit. The shift in management of the relationship with ChevronTexaco has entailed a learning process for USAID.

USAID perceived the strategic framework for the Enterprise Development Alliance as a joint document and expected support for it. If there was disagreement with one part, there was the expectation that some processes would remain. However, when USAID was unable to get ChevronTexaco's concurrence, it left the partnership without clear roles and responsibilities that were based on mutual agreement. USAID was at a further loss as it was not familiar with and did not understand the workings of the business unit in Luanda or of its linkages to headquarters.

The June 4, 2004, workshop (one year later) cited by ChevronTexaco was an important opportunity for USAID/Angola to meet the larger ChevronTexaco team and begin the process of getting to know each other and to strengthen the relationship.

USAID is only just learning the structures and processes connected to development activities at ChevronTexaco locally. The Mission also recognizes the need for relationship building and continuous engagement in the future. Typically we can expect both alliance partners and USAID Mission personnel to change, and institutionalizing systems can make a big difference in advancing development goals while personnel changes are underway.

Internally, within USAID, coordination of Alliance activities appear to have been informal partly because the Angola Mission is small and partly because the organizational structure of the Mission is set up by technical specialties such as agriculture, economics or health. Alliance building may require multiple technical foci with cross-cutting emphases such as local capacity building, or business development, which may entail combinations of activities such as in agriculture, nutrition, credit and small business development.

Secondly, internal policies and systems do not now exist for interaction with the business world. Many contacts are made informally and ideas emerge through individual enthusiasm and perhaps the right chemistry between two individuals. Such entrepreneurship needs to be encouraged. However, connections made informally would ideally be brought into a more systematic process within USAID so choices are made and decisions taken in the context of the larger picture of USAID's priorities in Angola. We address this issue with some suggestions in the section on recommendations.

In spite of the learning process with respect to the relationship with ChevronTexaco, the programs themselves show some impressive results. For instance, during the April to September 2003 period, 470,000 people, of whom 53% were women, were served by the food security program, CDRA. Food support in the early spring allowed farmers to avoid premature harvesting or selling at low prices to address household food needs. In order to ensure sustainable livelihoods, food, seeds and tools distribution is supplemented with development interventions such as market linkages and training in seed production and organization.[8]

(b) ChevronTexaco – UNDP, with private contractors

Another major partner to ChevronTexaco in Angola is UNDP, which has a similar MOU to USAID, but on a smaller scale. In this instance, UNDP supplemented ChevronTexaco's $3 million contribution with $1 million of its own. Not unlike USAID, UNDP also used the MOU with ChevronTexaco to further develop and expand a planned set of activities in micro-enterprise development. There remain many similarities to USAID's and UNDP's business development programs.

UNDP's focus rests in four areas of work:

1. Enabling Environment:
   - Creation of research unit for research regarding informal sector and micro, small and medium enterprises (MSME); and
   - Assisting in the formulation of relevant policies on MSME and microfinance, and reforms on national and local laws regulating MSME and microfinance.
2. Vocational Training:
   - Market-oriented training;
   - Market oriented skills training courses; and
   - Market linkages through employment centers.
3. Microfinance:
   - Building capacity of micro-finance institutions;
   - Establishing a micro-finance unit;
   - Increasing capacity and outreach of commercial banks to finance small and micro-enterprises.
4. Business development services and business incubators
   - Introduction of pilot models;
   - Extension support for client companies;
   - Subcontracting linkages with large local private companies; and

8 (Consortium for Development Relief in Angola, 2003)

- National capacity building to train entrepreneurs

UNDP has only just begun with the first item, and that is where the similarities to USAID's program are most obvious. USAID supports an economic policy think tank at the Catholic University in Angola. It also supports a business development center. UNDP is seeking proposals from research institutions, including Catholic University, to house its research activities. In addition, USAID supports micro-finance training through its partners, and has supported the opening of a new bank specializing in micro-credit provision. This bank, Novo Banco, just opened in late August.

One difference we observed is that USAID works principally, though not exclusively, with American non-governmental PVO implementers, while UNDP has been more aggressive about finding governmental and local partners. For instance, the key business development partner is the government agency mandated to promote small business development. The other main partner is an association of small entrepreneurs, PRESTIGIO.

The similarities of USAID and UNDP programs with respect to business development are striking. Both were funded through headquarters relationships in the U.S., and both used their resources to support programs that were already in development. For USAID, that focus was on agriculture development, and helping people to return safely and to establish economically viable livelihoods. Business development was one component of that larger initiative that mostly emphasized resettlement. Like USAID, UNDP also does not include its own costs in the management of alliance funds, but expects that it will add more funds to the program as it gets underway and begins to show results.

2. USAID as Facilitator

USAID/Angola has also been able to use its leverage as a credible development organization by facilitating alliances between PVOs and businesses by introducing them to each other. Examples we found in Angola are:

- CRS and Coca Cola
- PSI and Coca Cola
- CLUSA and BP
- CLUSA and Esso (ExxonMobil)
- Coca Cola and Oxfam (Pending)
- PSI and Esso (ExxonMobil)
- PSI and Esso (bednets project pending)

In these instances, USAID is not a direct donor and the transfer of funds occurs directly between the company and the implementing organization. However, USAID does play a critical role in facilitating the alliance. Where there is an overlap between their corporate priorities and that of USAID (such as malaria prevention for Esso), the company is able to co-fund or otherwise extend the impact of existing USAID activities. AID's credibility and reputation for sound management and oversight enables the company to fund programs requiring additional resources for monitoring and oversight. One company representative noted that its principal "interest is in the announcement."

USAID's facilitation role has also been useful for the implementation of projects that address important development needs, but are not part of this Mission's current portfolio. For instance, one company expressed interest in funding the digging of bore wells and USAID was able to link it to an American PVO doing that work. The PVO and the company are in direct contact and this project will be funded. Although no funds were transferred from USAID to the PVO for this work, USAID's facilitation role was critical to linking a PVO and large business to merge resources to achieve an important shared development outcome. Similarly Esso was able to fund the purchase of vehicles for PSI's program with sex workers in Luanda.

PSI and Coca Cola

A more complex combination is the case of PSI with USAID and Coca Cola. In addition to linking Coca Cola and PSI, USAID contributed condoms for the project while Coca Cola paid for the condoms and contributed its distribution list as well as radio time and bill boards for HIV/AIDS awareness work. PSI is also invited to lead short HIV/AIDS awareness role-plays at Coca Cola events that attract thousands of people. Here again, USAID's facilitation role, of brokering the relationship with Coca Cola has resulted in significant increase in outreach of the program.

CLUSA with BP and the European Union

Similarly CLUSA is implementing a project that involves the construction of an irrigation pump. While BP and the European Union are co-funding this project, it was USAID that linked BP and CLUSA with each other. In addition, USAID funds under a separate grant cover staff time. With USAID's facilitation, CLUSA is also seeking funds from Esso. This effort began with discussions between the Mission Director and the Esso representative.

In all these instances, the projects became possible as a direct result of USAID's involvement. Many PVOs have said that direct relationships with companies are preferred to USAID funding as reporting requirements tend to be less time consuming. On the other hand, some PVOs also noted that their internal systems are based on USAID guidelines and that those guidelines apply regardless of the funding source.

PSI with BP and PSI with Esso

Finally, two oil companies have hired PSI to conduct employee programs in HIV/AIDS awareness. In these two instances, the relationship is direct and USAID had no specific role, but all parties acknowledge the presence of USAID in the context of the discussions. There is no doubt on the part of large companies that USAID lends credibility to the organizations it works with.

3. Funding from Business to PVO without USAID

Africare developed a unique relationship with the governor of Cabinda through its own efforts. While the Governor was on a visit to Washington, DC, Africare invited him to meet its CEO. As a result of that high level exchange, Africare was able to tap into funds that oil companies pay to Sonangol. These funds have been inaccessible to USAID or American PVOs for direct use. Yet through its contact with the Governor of Cabinda, Africare is able to run a program and access funds from the government of Angola to leverage its own funds. Funds for Africare's Cabinda program are paid directly to its headquarters in Washington DC.

Such direct contacts with the government would not be an acceptable route to some PVOs. These PVOs say they work closely with and prefer to maintain good relationships with government at the local level (municipal and provincial), but would like to minimize relations at the national level. With regard to large businesses, dealing with companies is not new to the larger PVOs like Care International, who have a great deal of experience in working with large businesses interested in contributing to development.

In the future USAID should expect that the larger PVOs, who also possess vast experience and technical expertise, may be expected to compete directly with USAID for funds from headquarters and local business units of large corporations. Indeed some competition at the local level was already evident and openly discussed by a number of informants. This could be reduced when USAID/Angola is articulates its comparative advantage in more explicit terms.

4. USAID and Company separately funding same project

We found two examples of this type:

- CABGOC (ChevronTexaco, BP and Total Elf Fina, which jointly manage the Cabinda oil Block) and USAID funding ACDI/VOCA in Cabinda (CABGOC $3 million over 5 years, and USAID $1 million over 3 years)
- Shell and USAID funding IITA in Nigeria

In both these instances, USAID funds the implementing agency directly, and also plays a facilitative role within the alliance.

CABGOC to ACDI/VOCA and USAID to ACDI/VOCA, Cabinda

In this instance, ChevronTexaco's alliance in Cabinda, CABGOC, is a direct donor to ACDI/VOCA. USAID entered the picture after the project was underway. USAID had similar objectives as CABGOC, but its entry increased local involvement of producers and expanded the market to cross-border exportation. The funding flows from CABGOC took a long time to start flowing because of paperwork associated with getting the funds released. However, once funding began, ACDI/VOCA is able to receive funds reliably. In addition, ACDI/VOCA benefited from temporary office space as well as a vehicle from CABGOC.

Part of CABGOC's agreement when it purchased rights to drill in Block 0 is that its contractors will support local production when possible. Caterers are required to help local production of livestock, fish and produce, by purchasing locally. The ACDI/VOCA project involves growing food and selling to the private sector. Here an important focus is on marketing food. Caterers purchase through ACDI/VOCA and pay directly to ACDI/VOCA. The money is disbursed to the farmers through the Farmers Association, which has joint signature authority with ACDI/VOCA. ACDI/VOCA operates through a formal agreement with the Ministry of Agriculture. ChevronTexaco reports that CABGOC purchased services and supplies from 280 Angolan owned businesses in 2003, up from 65 Angolan businesses in 1995.[9]

An important way to ensure sustainability of development programs is to tie them whenever possible to purchasing/contracting needs of the companies operating in Angola, both oil and non-oil. This would be a very popular area for alliance building, since there is considerable political support associated with working with Angolan companies/organizations. We did not visit Cabinda on this trip, but would recommend it for the future. This model would be worth additional study as an important model for alliance building because of its linkages to the operations of a company, rather than as an exclusively philanthropic effort.

Shell to IITA and USAID to IITA in Nigeria

Another case of this type is that of Shell and USAID in Nigeria, where each funds the International Institute of Tropical Agriculture (IITA) directly. The MOU was negotiated at the level of corporate headquarters with USAID's GDA, and involved $5 million from USAID, supplemented by $15 million from Shell. Each makes payment directly to IITA. Although the project has begun with USAID's funds, Shell has yet to make its contribution. The MOU covers three types of activities: cassava production; shrimp exports; and malaria prevention.

Like the USAID-ChevronTexaco MOU, this was negotiated at high level in principle. People "in the middle" needed to work out the logistics and details of implementation. The DIP process was required on the USAID side, and Shell also had to sell the idea to its procurement office. Unlike the Chevron-Texaco MOU, which involved corporate headquarters funds, the Shell funds are expected from pumping stations in three states. Local Shell managers have to agree to release funds for development activities, from their community development fund.

USAID took on multiple roles in influencing this alliance. First, it took the proposal to Shell and linked Shell to IITA. Since then, USAID has been approached by IITA on issues with Shell, such as its interest in introducing new elements to the program, or difficulty in getting funds. Shell also shares its issues with USAID since it was USAID that brought them together. Through its facilitative role, USAID has been able to promote communication and keep parties focused on the development goals. This is not easily

[9] (ChevronTexaco Corporation, 2004b)

achieved in an environment where Shell feels under attack and IITA is concerned about its reputation.

A facilitative role of this type is also worth exploring in Angola over time as relationships between USAID and companies are strengthened.

B. Other Program Initiatives

One of the issues that persists is the difficulty of accessing funds that have to go through Sonangol. We found one example of how this is done with a joint effort of Citizens Energy of Boston, the Catholic Church and the Angolan government.

Block Funds and the Catholic University of Angola

In addition to the funds oil companies provide for development and humanitarian purposes, they make significant contributions to development directly to the Angolan government. These funds, referred to as "social bonus" are paid as part of the purchase of rights to explore, known as "signature bonus." They are paid with a successful bid for exploration of oil within a designated "block."

A consortium organized by Citizens Energy, a Boston-based group, and composed of Mobil, Saga, Energy Africa and Citizens Energy, worked with Sonangol to establish the Catholic University. With agreement of this group, The Angola Educational Assistance Fund (AEAF), received $1.2 million social bonus associated with Block 1 and began construction of Catholic University. In 1997, the Catholic University took advantage of a 1982 decree that required that petroleum companies operating in Angola are required to invest 15 cents out of every dollar per barrel of oil produced in educational and training programs.[10] Of this, they successfully negotiated that 1 cent out of the 15 cents per barrel of oil produced be channeled directly to Catholic University. Through this mechanism the Catholic University now receives about $3 million per year for its operations.

In this model, we envision multiple sources funding different implementers along the development continuum. For instance, USAID might fund CRS (which does not accept oil money) to carry out civil society building activities. ChevronTexaco in turn might fund the NGOs trained by CRS to implement programs and to support local NGOs costs of capacity building.

C. Corporate Priorities, Resources and Perceptions

This section first addresses the numerous ways by which businesses can access funds for development projects. Second is the perceived added value of USAID to such partnerships.

[10] (Nardin, 2001), p13.

1. Matrix of Priorities and Resources

The different funding sources used by businesses that emerged from our interviews are summarized in the matrix below. However, the limitation of this chart are huge. The chart is based only on our interviews and very preliminary research and document review. For instance, we have not discussed the ChevronTexaco partners in the Cabinda concession. One of those partners, Total, reports that it has supported primary education for 10,000 children in Angola, and provided scholarships for 40 Angolan engineers and technicians in 2003.[11] Total has also funded a major community development project.

The social bonus funds of oil companies are substantial, however the lack of transparency on the part of government makes it has impossible to estimate the amounts or how they are used.[12] The list below provides only a sample from our interviews and a few documents. Many companies are involved in a number of different types of development activities (some fairly small) and the interview format is not best for an exhaustive list. We try here to point out the wide range of focus areas as well as resource types available (also not an exhaustive list) if USAID were to take up alliance building as a full objective and devote resources to engagement with businesses as an important means to mobilizing resources to increase its development impacts.

Organization/ Company	***Priorities***	***Resource types***	***Relationship to USAID***
BP	• Sleeping sickness • HIV/AIDS awareness • Local capacity building • Solar power	• Community relations funds • Employee contributions • Block funds • Social funds through Sonangol	• Conversations periodically, but
Coca Cola	• HIV/AIDS education and awareness • Condom distribution • Water access	• Angola funds • Regional funds • Group funds • Africa funds • Headquarters funds • In-kind contributions • Funds through Angolan Treasury Department ($18 million now available, but need to figure out how to access)—intended to be distributed in small grants of $100,000 to $150,000 to Angolan NGOs.	• Principally through informal discussions with Mission Director, who has put company directly in touch with PVOs based on the company's interest. • (PSI and Oxfam)

[11] (Total, 2004)
[12] Nardin estimates that "signature bonuses for blocks awarded in 1999/2000 are in the order of 100 to 400 million dollars," up from only "10 to 20 million dollars" in 1995. (Nardin, 2001), p7.

ChevronTexaco	• Business development and credit services • Local capacity building • Sustainability • Exploring fisheries • Education and health	• Block funds • Social funds through Sonangol • Headquarters funds • $22 million spent for community development—50 classrooms built between 2001 & 2003; support to hospitals in Luanda and Cabinda; malaria prevention and HIV/AIDS with NNGOs and local health authorities; company scholarships for 60 Angolan companies.	• Would like more dialogue, discussion of values, priorities, and to focus on overlapping interests and engaging in joint development of programs rather than simply funding programs USAID has already designed.
Esso (ExxonMobil)	• HIV/AIDS • Malaria prevention • Health • Education •	• Local business unit funds • Small, but growing amount • Through Exxon Foundation, About to directly fund 2 projects identified by USAID for $1.2 million. • Foundation has $100 million per year; considerable discretion within priorities; no "rule of thumb."	• Relationship is personal • Reliable funding mechanism, especially when don't want to fund implementers directly. • Sounding board, when funds available, piggybacking on USAID with respect to what and how to fund. • Faith in USAID's oversight and its "good housekeeping seal of approval." • Participated (and continued interest) in public-private donor coordination meetings under USAID's leadership.
Schlumberger	• Education/teacher training/scholarships/ computers in schools • Malaria (bednets) under consideration • Volunteering for training and donation of equipment	• Funded alliance with Penn State (earth science)—gave $3 million worth of equipment and training. • SEED (Schlumberger Excellence in Educational Development) puts computers/internet in schools—second school to be done in October. • Believes it can get additional resources from headquarters if	• Felt oil companies had more resources and tax advantages not available to service companies but knew it was important to have a CSR program. • No alliances formed yet, but included mention of matching funding/partnering with USAID in its tender documents. • Current area of focus is Luanda, but interested in other areas as well.

		good projects found.	
Sonangol (State oil company)	• Local business development and capacity building.	• In process of putting together a $20 to $30 million investment fund; USAID could contribute	• Need to build relationship through continuous engagement in order to learn more about procedures and processes for accessing social funds for development.
Ministry of Planning	• Cited education, health, social integration, agriculture, small business development, good governance, finance, justice, infrastructure—transport, electricity.	• Current planning document covers a variety of areas of interest to USAID—needs follow-up and identification of overlap for collaboration.	• Wanted deeper relationship in the past—no contact for some time now; interested in renewing relationship. • Potential collaboration on 2005-2006 program—emailed planning documents to USAID. • Wants to discuss further with USAID.
Tyson Foods	• Selling poultry leg quarters • Seeking acquisition of local poultry businesses • Tyson provided 72 million meals, over 6.5 million pounds of chicken to vulnerable families in the U.S.	• Hunger and environment appear to be priorities at the central CSR office in U.S.	• This was the first contact and involved only a general exchange of information about each other. • Tyson Foods does have a CSR office in the US • Tyson would be interested in collaborating with USAID in Angola on small initiatives to start, such as the AIDS awareness campaign.

Finally, the personal nature of relationships was emphasized on more than one occasion. One individual we interviewed stated that funding projects has to do with a high level of comfort in conversing with AID officers at the Mission to identify best options. Companies are not always looking for the long term development impact, but may have immediate publicity needs. It would behoove the Mission, in these instances to rethink the extent to which it would allocate time for such informal advice.

2. USAID's Added Value

The companies recognized USAID's vast experience and expertise in managing development programs in general. However, beyond the recognition that USAID is part of the government of the U.S. and thus associated with U.S. strategic interests, they were not always clear on the differences between USAID and the PVOs. USAID's particular expertise and experience in designing large and complex programs and then identifying the right combination of PVO, NGO, contractor, government organizations to implement it is not well understood. Though not clear on the details, many companies are aware of the high accountability standards that USAID imposes on organizations that partner with it. Since the PVOs we interviewed had much closer and longer term relationships with USAID than the companies, they were better able to articulate its added value, and their perspective is provided in section D on PVO perspectives. Companies were also not aware that USAID's grants and contracts often provide the core operating budgets that enable PVOs to maintain a presence and essentially subsidize the companies themselves when they don't pay the full cost of doing business.

Additionally, companies were not consistent in understanding that while in partnership arrangements, USAID's management expertise is offered without cost to the partner. For instance, USAID/Angola currently charges no overhead toward company funds for projects managed under the ChevronTexaco MOU, but not everyone is aware of that.

3. Business Perspectives on PVOs

Some companies are also under the impression that USAID is limited to channeling its funds through PVOs. Overhead costs of PVOs were perceived as high at around 25%, and PVO international salaries were also described as "high." In part this rises from the perception of PVOs as principally humanitarian agencies rather than as principally professional organizations with humanitarian concerns. There is an assumption that somehow the costs of doing business ought to be lower for a humanitarian agency than a business, for instance.

Some resistance to PVOs also arises from a concern to address governmental requirements about increasing opportunities for Angolans, and the view that companies would rather be supporting local businesses and local capacity development.

D. PVO Perspectives

The PVOs we interviewed recognized USAID's positive contributions in a number of ways and also noted some concerns. These are discussed below. By far, the most significant contributions acknowledged were in the areas of brokering alliances with the private sector and the potential for taking the lead on policy issues of concern to development interests.

1. USAID's Added Value

a. Facilitation

USAID's unique contribution most valued by the PVOs is its facilitation of alliances with companies. As noted above, there are numerous instances where the Mission has put large businesses with an interest in contributing to development in contact with PVOs, who in turn have received funds directly from the business. The PVOs working with companies appreciated and would like to continue the facilitative role that the Mission has played in linking them to business partners.

A great deal of money has been moved in support of development projects in Angola, because of AID's facilitative role. The Mission's success in such brokering is connected to what one business source said was its "good housekeeping seal of approval." Clearly the link to USAID gives PVOs credibility, and helps them raise funds to support existing or new projects. This needs to become part of the accomplishments of the Mission and its alliance building objective.

b. Policy Influence

An additional area where some PVOs would like to see more USAID engagement is in the policy arena. Here USAID Mission is seen as a potential resource that could influence and assist the Angolan government in shaping policy that is more aligned with development goals—HIV/AIDS awareness, issues specific to "children and mothers," and an enhanced environment for business development and growth, were cited as examples. Some PVOs noted that USAID and the embassy should push the Angolan government to be more transparent.

USAID has established an economic policy think tank at a local university, but PVOs either do not know of it, or don't know much about it. Clearly there is a great deal of space for promoting policies that increase transparency.

c. Fundraising

PVOs agreed that USAID should raise funds to leverage development. For instance, USAID could begin and advocate for 1 cent of the 15 cents per barrel of oil produced to be allocated for banking to support micro credit. Such an approach would be consistent with the existing legal framework and ensure access of greater portions of oil wealth to Angola's development.

PVOs expressed an element of competition when they and USAID officials approach the same people in the same oil companies for the same funds. Because the GDA approach to thinking about development requires a realignment of worldviews for longstanding practitioners on both the USAID and PVO sides, it requires some practice for all the parties Some American PVOs also perceive themselves as having comparable experience and technical expertise to USAID. In addition, some noted that there isn't always an overlap between what the PVOs believe needs to be done and the priorities of USAID.

d. Reporting and Oversight

Most PVOs preferred dealing with company requirements rather than USAID's more demanding requirements. On the other hand, some PVOs mentioned the tendency of companies to "micromanage."

2. PVO Concerns about Public-Private Alliances

For the most part, the PVOs we interviewed are less concerned about the source of their funding than about how it is used. For most PVOs there is no hesitation in accepting funds from the oil industry or other corporate interests.

Publish What You Pay Movement

Some of the PVOs raised serious concerns about the types of relationships they would like to have with the oil industry. This has to do with studies linking oil operations to poverty, but there is also a concern about the lack of transparency of the government.[13] CRS and Care have programs underway now to build local capacity to better understand national budgets and resources. There is also active engagement with the PWYP (Publish What You Pay) movement and due diligence is being carried out in some headquarters offices to determine which monies may and may not be accepted by the PVOs. Current CSR reports by BP and Shell are certified by third parties, but ChevronTexaco and ExxonMobil reports are not.

Oil Industry and Government of Angola

In terms of the capacity of companies to use their influence with the government, the companies in turn have expressed concern that they do not want to risk alienating the government to the point of being asked to leave. They also observe that a position on PWYP cannot be unilateral. PVOs, however, do not consider this very likely. They point to three reasons:

- First, because of the deep water drilling required for the oil off the Angolan coast, very few companies in the world have the technology, experience and capacity to drill there. Thus, it is only a handful of companies that need to come together. [14]
- Second, if the government threw out one company, the entire investment climate in Angola would deteriorate and new investors in oil and other industries such as mining where large initial investments are required, would be reluctant to move in.
- Third, the country has already mortgaged much of its oil reserves and the specific arrangements of those agreements are not yet known. If indeed future income has been used up, the government would jeopardize financial support from international banks by not taking steps toward greater transparency.

BP published its 1999 payments and the team stated that there has not been any governmental retaliation from its decision, but not everyone outside BP agreed with that perspective. BP did receive a letter from the GOA stating that publishing this information was a breach of contract and that if this action were repeated it would give the GOA grounds to take action. Other companies were copied on this letter. Government officials and some other sources pointed out that it is a new post-war government, and that

[13] (Gary & Karl, 2003)
[14] There is some controversy over this, however, as State companies of Brazil, China and Russia are expanding and capable. Companies in Angola may also be concerned about the historic fact of nationalization of oil assets and of expulsion in developing countries.

activists ought to give it some time. About 90% of the Angolan government's revenues come from the oil industry; it is not one the GOA is likely to alienate.

One sign of positive change is the decision by Sonangol (the government of Angola oil company) to make public its $210 million "signing bonus" as well as the additional $80 million "social bonus" in its recent extension of the Block 0 concession. Part of the social bonus will support development in Cabinda, but it is not yet clear how the rest will be used. Additionally ChevronTexaco has promised to expand the proportion of its technical and managerial staff from the current 63% to 90% by the year 2010.[15] Angolan law requires that 70% of "higher level" staff should be Angolan by 2010.[16] The Financial Times has reported that ChevronTexaco earns about $4 billion a year from oil extraction in Cabinda alone.[17]

3. Local Capacity Building

USAID has longstanding policies to support local capacity building as a central element to sustainability of its programs. PVOs confirm that they indeed work with a number of local NGOs, and engage in a variety of capacity building activities, including business training. However, some PVOs also spoke about the lack of capacity in Angola and their concerns about being accountable.

On the other hand, a recent study of Angolan NGOs points to the fact that between 1996 and 2000 an average of 20 national NGOs (NNGOs) were trained by PACT, with funding from USAID.[18] This training was fairly extensive covering topics such as management of the project cycle, financial management, human resource management, fundraising and tools for assessment. According to Brathwaite's study, as of 2000, about 70 percent of registered NNGOs had completed this training. Yet, they were not able to access funds to become operational, or to develop mentor relationships with PVOs. This situation is not unique to Angola and requires the intervention of corporate donors as well as USAID intervention, especially if capacity building is to be an explicit focus of the Misison or of large businesses.

While INGOs do have mentoring programs, the Brathwaite report notes that there is discontent among NNGOs who believe they are not equally valued. The bottom line is that NNGOs rarely obtain sufficient operating expenses to cover their overhead. Training is not very useful if they are not able to do the work. Companies too are perceived as being uninterested in supporting NNGOs. Notably, our interviews indicated the opposite—companies stated that they have a preference for supporting local NGOs.

However, as many development and funding relationships appear to rely on personal contacts and personal connections (locally or internationally), PVOs stand a far better chance than local NGOs of making contacts with people in multinational oil companies

[15] (ChevronTexaco Corporation, 2004a)
[16] (Blakeley, Araujo, Nardin, & Rich, 2003)
[17] (Hoyos & Reed, 2003)
[18] (Brathwaite, 2003).

and maintaining those relationships. Potentially, USAID has a significant role in promoting relationships that enable local NGOs to link with GOA resources and to companies to access private sector funds.

V. Lessons Learned

USAID/Angola's experience represents a rich field of lessons for public-private alliance building. We have documented some below, and incorporated them into the recommendations.

A. About Public-Private Alliances

1. Underlying many public-private projects are three core elements:

- ***Strong personal relationships;***
- ***Mutual need that may be addressed through one or more collaborative activities;and***
- ***Involvement of individuals with organizational authority to act.***

The ChevronTexaco example as well as experience with partnerships in international development, point to three critical factors for establishing and maintaining alliances. We found all three in the ChevronTexaco-USAID alliance. Personal relationships can be central as alliances often require creative thought and action beyond many traditional job descriptions in government as well as large companies. As relationships are established, support for organizational involvement is usually grounded in mutual need. In the ChevronTexaco case, a committed leader challenged by the president of Angola, was able to act because the extension of a significant oil concession was at stake. For USAID, changing realities arising from changes in resource flows globally and the realization of the potential for achieving development goals through the formation of alliances with business. Finally, the negotiations that led to a formal commitment to work together took place because of organizational mandate on both sides as well as individual authority to take action. These factors can be important considerations in resource allocation during the early stages of engagement and building relationships.

2. ChevronTexaco has benefited significantly from its $10 million investment in an alliance with USAID.

There is no doubt that ChevronTexaco has benefited a great deal as a significant and successful contributor in Angolan development. Indeed, other compared their efforts to the ChevronTexaco standard. We need to recognize USAID's contribution to this through immediate use of its funds to improve livelihoods. Although ChevronTexaco entered into a relationship with UNDP as well, that program is only just getting started. At a time when absorptive capacity of international development assistance is very low, especially in Africa, USAID was able to identify sound interventions and successfully channel large funds to generate immediate and positive development impacts. This has not gone unnoticed by the sources we interviewed.

3. Most of the alliances in Angola are local and oil companies are not prepared at present to make the kind of commitment that ChevronTexaco did with USAID.

In Angola there is no other example of large multi-year funding of the type and scale of the USAID/Chevron MOU. The ChevronTexaco/USAID relationship, where funds are committed at headquarters level, is a type that is very much in the minority in the vast world of actual development alliances in Angola. We found many examples that add up to substantial amounts of funding that are being carried out in more direct contact with the implementing organizations. ChevronTexaco has been in Angola a long time and is in a better cash flow position than any other company. As the other companies, which entered Angola at a later date, repay their investment and begin to generate surplus cash, they may have more interest in carrying out a large alliance with USAID.

4. USAID and many multinational companies are well-positioned to support sustainable development in Angola in a mutually reinforcing way as both are likely to have long-standing interests there.

Companies engaged in oil and mineral extraction have huge investments in Angola and are not likely to leave in the short term. Indeed, the extractive industries by their very nature are unable to move to accommodate political or other changes. They need to remain at the source of their product in order to operate. Shutting down usually involves substantial costs as well. Guided by American foreign policy objectives and the development needs of the country, USAID also is likely to remain in Angola for some time. Thus USAID and multinationals in the extractive industries are in a strong position to plan for and contribute to long term, sustainable development.

B. On USAID's Comparative Advantage

1. USAID has vast experience in bringing together a diverse group of national and international experts, governmental and non-governmental organizations as well as for-profit and non-profit organizations design programs. It also has the capacity to then choose the right combination of different capacities to implement programs. Finally, it has the experience and a record of achieving the development goals and objectives established for the programs.

Increasingly PVOs are also growing and developing some similar capacities with respect to large program design. As implementing agencies, they tend to have a closer link to what is happening on the ground. With respect to planning, designing and overseeing large and complex programs, however, they do not have the broad governmental access, including the ability to coordinate with and bring in other donors.

2. USAID has a significant non-financial development role in alliance building

USAID makes a substantial yet unrecorded contribution to extending development impacts through its commitment to public-private alliances. With only one exception, USAID had a direct role in brokering relationships so that companies were able to fund development programs through American PVOs as implementing organizations. USAID's involvement gives legitimacy to the PVO receiving funds from a company.

3. There remains greater potential for USAID to work more and to work more systematically with the Angolan government. Government reform and getting the government to allocate more revenues to developing and rebuilding the country are key areas where USAID can play an important role together with the other donor.

Our meetings indicated a great interest in collaborating with USAID on Sonangol's Fund for risk reduction and on the many areas such as health, education and reintegration that the Planning Ministry has put forth for the next few years. Although there is a leadership role for the embassy in this work, USAID could also work at different levels of government to pursue development goals. While there has been some contact, there is potential for more regular engagement.

4. An orientation toward specific projects and their funding sometimes undermines USAID's comparative advantage in public-private alliances.

Some companies, like ChevronTexaco, choose to spend considerable resources in setting up a group locally to work on development issues. The presence of such a group need not detract from USAID's own work, but instead, can serve as an opportunity to enhance the overall relationship and eventually to expand desired development impacts. In addtion, there are a number of other players with investments/activities in Angola but limited staffs, such as non-operating partners who would also appreciate both the publicity and the expertise and experience of USAID. In addition, other types of companies like Schlumberger or Tyson Foods that should also be considered for alliance building.

5. USAID's added value in a public-private alliance is only understood in a general sense.

The core strength and experience of USAID in bringing together a variety of resources from both the public and private sectors, internationally and within the host government, to inform its program design, is not well known. Also, not widely understood is USAID's process of then seeking the right combination of implementers, including organizations in the for-profit sector and individual local and international experts. USAID performs considerable due-diligence of implementing agencies and monitors any project in which it is involved at no cost to the other members of an alliance, whereas in a direct grant from the companies this would not be done. Additionally, the political element of USG involvement is an important part of the process and the announcement by the US Ambassador, in the minds of some organizations, is the most important part of the process.

6. Development actors prefer multi-year commitments, so programs can operate with a view to building sustainability.

PVO's and other implementers prefer multi-year commitments for planning and from a development perspective multi-year programs, such as those available through USAID, are preferable to short-term funding.

C. Organization and systems of the Mission

1. Capacity building is an area where both governmental and multinational company interests merge with USAID's long-standing commitment and government requirements for Angolanization.

Rather than having it woven throughout, an explicit strategy for local capacity building would strengthen USAID's position with both the government and the business community. Many of the PVOs implementing USAID programs are highly committed to working with local NGOs as well. Yet the capacity building aspect was not prominent in our program discussions. As the transition is made from relief to development, building civil society becomes indispensable to sustainable development, and is consistent with government and large business interests. There is also great interest in building up domestic businesses. USAID will not give direct grants to local NGOs that do not have appropriate management, administrative or financial systems in place to manage USAID funds.

2. USAID's facilitative role needs to be explicitly recognized as a measurable result of the focus on public-private alliance building.

A rough tally of resources transferred to PVOs through USAID facilitation based on our interviews alone is substantial. These additional resources have expanded development impacts in Angola and should be acknowledged. In addition, USAID might contemplate taking a more active role in these alliances by participating financially and in enhancing its own learning about current activities in development.

3. There is a need for systems to manage continuous engagement with potential alliance partners and to make conscious decisions in the context of the overall priorities of the Mission.

At present much of public-private partnership work occurs on an ad hoc basis within the Mission. The recommendations provide suggestions for systems that will permit professional judgment in decision-making about allocation of resources to potential and actual alliances that best serve the development and foreign policy priorities of the Mission.

D. Coordination with GDA in Washington

1. Greater coordination can generate opportunities for greater impact.

Coordinated efforts between GDA and the Mission can result in combining different company resources into key initiatives in one country. For instance, Coca Cola has country, regional and other funds, which could be brought to bear jointly on one issue in one country. Or, where cross-border linkages are important, such as in the transmission of HIV/AIDS, such linking permits development projects around a common goal that cut across political boundaries.

Evidence indicates that while large visionary ideas for development may emerge anywhere in a business, the commitments tend to come from corporate headquarters. Thus, when companies hold strategic business interests in one country where there is also a development need and an USAID presence, headquarters offices of companies may be important partners in a country-specific development program.

GDA could provide research services to help identify strategic opportunities by analyzing company priorities, geographic areas of interest and Mission focus. When such overlap is identified, the Mission would be in a stronger position to approach specific companies.

GDA could also facilitate periodic (quarterly) regional or country specific meetings with companies interested in sustainable development, or selected for potential overlap with USAID, during which discussion might begin. Missions could follow up.

2. Larger alliances are better positioned to capitalize on USAID's comparative advantage. Company foundations and corporate headquarters offices are important in supporting alliances, especially over the long term.

Corporate headquarters offices tend to have the resources and authority to envision sustainable development and allocate resources for its support. Links to them can be crucial in identifying the right types of programs and the right countries where alliances are possible. Although company foundations usually operate independently from companies, their involvement has allowed local business units to engage actively in Angola's development even when local budgets may be limited. There is a potential role for USAID/Washington to help with the analysis, particularly beyond national boundaries.

3. Direct funding support from GDA can be critical to advancing public-private partnerships at the Mission level.

GDA funding would enable Missions like Angola to allocate resources to monitor and assess the development impact of different types of alliances with business, and to better understand USAID's comparative advantage in these instances. As Missions tend to be organized by SOs that are specific to traditional sector areas such as health or education, GDA funding can also provide the resources to integrate an alliance approach to those existing activities to maximize their impacts.

VI. Recommendations

The following recommendations are organized by first addressing the specific issues cited in the SOW. Those recommendations are followed by additional recommendations identified by the consultants.

The core of our recommendations is that the Mission itself reach a decision about the extent to which it wishes to pursue the business model that GDA represents. We recommend that there is no real alternative. The smallness of the Angola Mission and the vast resources within the country beg for an alternative to traditional development models. USAID has the unique potential to model good programs in key areas of interest, and then to help mobilize other resources to expand its development impact.

A. USAID/Angola's capacity to manage existing public private partnerships

Although there are a number of alliances underway, as identified in Section IV, the question of managing an existing partnership principally focuses on the alliance with ChevronTexaco. The recommendations in this section pertain to the current commitments and would be necessary even if the decision for the future is that the Mission will not take proactive steps to build public-private alliances.

1. Set up internal systems for more transparency on public private alliances.

So far, alliance activities have benefited from the many informal relationships that USAID employees have with employees of the some of the businesses that fund development activities. While such entrepreneurship is to be encouraged, Mission spirits overall would be improved and a more coherent image of AID would be conveyed if a transparent process could be identified to take decisions internally.

Option One: Small Committee
We suggest a small committee of three: someone who has broad knowledge of the whole of Mission program portfolio; the key person associated with the technical area involved; and someone (Private Enterprise Officer?) who is aware of the status of other alliances and can suggest linkages to emerging opportunities with other companies. The Committee would be led by the Mission Director. This committee works with ChevronTexaco to agree on procedures for decision making and generally moving forward on the alliance.

Option Two: Director Leads
Another option is for the director to serve as the main contact and choose the appropriate individuals depending on opportunities, and take joint decisions to ensure transparency. This approach assumes that alliance building is not a principal way in which the Mission operates. Rather, alliance building is one of many ways, and processes are in place only when a potential alliance issue comes up.

In either case, a decision is needed. Although 85% of funds have been allocated, there is clearly a great deal more management involved to bring even current obligations to conclusion.

2. Strengthen USAID Mission Staff knowledge about and capacities in working with large businesses.

Identify appropriate training for Mission staff on corporate social responsibility as well as the mechanics of doing the work. If done fairly soon, an additional half day may be allocated at the end for Mission staff and select key partners to propose a system for managing alliances within USAID, essentially a third option to A.1.

Option One: Comprehensive Training

We recommend a training program that includes Mission staff, corporate partners and prospective partners, and key government partners. The training should be multi-phased with the initial phase focused on understanding the business case for social responsibility, becoming familiar with the Angolan business context, learning presentational skills for dealing with large businesses, practice in presentation, discussion, dialogue with businesses, and achieving internal clarification on difference between social responsibility and sustainable development. Technical advice should be available from the training team post-training. A second phase should review and analyze experience and develop and refine strategy for alliances. A second phase should also include developing ways that development activities become more closely allied to the core operations of its business partners.

Option Two: One-time Training

As a less desirable option, we recommend some training to all Mission staff about the business case for social responsibility, USAID/GDA approach and sources of technical assistance within USAID that can effectively support the Mission.

3. Allocate necessary human resources to carry out public-private alliance building activities.

In acknowledgement of the Mission's lack of sufficient staff to manage public-private alliances, it has identified the position of "private enterprise officer," (PEO) and individual who will begin work next March. It is not clear how much of this individual's time may be allocated to alliance building. Current experience at the Mission and the broader experience of building partnerships for development points to the reality that relationship building takes a great deal of time to develop.

Option One: More PEO time

At least in the first six months ensure that the PEO can allocate 75% or more of his time to alliance building. During this time all systems proposed in section C should be in place. While groundwork may be laid, it is unrealistic to expect new alliances or major expansion during this time.

Option Two: Get help

Identify one or two students who are interested in and studying public-private alliances or have compute knowledge from a local university and assign them to the PEO to back him up with the organizational work such as getting the data base set up. (See section D for discussion of database.)

B. Potential for specific technical focus areas

As noted above, the areas of interest of the oil industry and other companies are quite broad. In light of funding limitations, a small Mission such as this one might consider reorganizing with an emphasis on a cross-cutting theme such as local capacity building that would apply in many technical areas. Thus, technical areas like education, agriculture, business development, health systems development, or HIV/AIDS awareness would all qualify as potential content, but the emphasis would be capacity building. In this approach, the possibility for substantive areas needing development assistance within an Alliance may be multiple and wide in scope, so the Mission would not be required to retain expertise on site. Rather, it would rely on the growing expertise that resides within PVOs, and periodically, draw on the appropriate expertise from technical offices in Washington or through short-term consultancies.

1. Decision is needed as to how public-private alliance building fits in with the rest of USAID's work.

Does the alliance building constitute a central focus of the way the Mission will operate in the future? Or, is it one of a number of potentially sound development strategies for the Mission?

Option One: Public Private Alliances are Central
Technical focus areas would be determined by the emergence of alliances, and the jointly agreed preferences for technical focus. During the lead up to an alliance, experts within USAID in Washington may also be called upon. Specialists may also be hired as short or long-term consultants.

Option Two: Public Private Alliance building is one of many strategies
If this is the case, then it is realistic to assume that alliances will focus on the technical areas represented in the Mission. An HIV/AIDS alliance, if large enough, might warrant an on-site specialist. If alliance building is one of a number of approaches, the PEO would be required on an as-needed basis, to call on consultants or expertise from USAID-Washington when that expertise is not available to the Mission.

2. Many technical areas are possible. A flexible approach is recommended.

There are many technical areas of interest to both the government and the companies we interviewed. Our recommendation is to take a flexible approach (option one) and use a cross-cutting theme for focus.

Option One: Flexible approach

We recommend that the Mission consider a cross-cutting emphasis such as capacity building. We choose this because it addresses a key interest of the GOA, a requirement for oil companies, referred to as "local content," and promotes sustainability. This would permit multiple partners in an alliance where each member of an alliance brings a different technical expertise, but that expertise would be used to build local capacity. This option requires creativity and the ability to envision synergies from many diverse resources with different interests. Alliance building is still an art and requires different skill sets and organizational capabilities than those that are usually found in development organizations, which have tended to emphasize technical specialization.

Option Two: Focus on one or two technical areas

Here, the Mission would choose no more than two technical areas such as HIV/AIDS and small business development, and seek out private sector partners for alliances explicitly in these areas. This option appears to give others a clear sense of USAID's priorities and the boundaries, and provides USAID with the requisite expertise on site to design and oversee alliances. However, at this time there is not sufficient analysis of the different types of alliances, the types of resources they require from AID and the development outcomes they generate. Indeed we are only just beginning to document the types of alliances in Angola alone. At this point we therefore recommend the flexible approach described in option one and in our proposed SO in recommendation D.1.

A technical focus may be feasible as the medium to long-term option after the analysis of the current environment with respect to private sector interests and capacities has been conducted in sufficient depth. At that point when recommended systems (section C) are in place, a technical focus may be a potentially sound option. In the medium and long term, when sufficient analysis has been conducted of the alliances and USAID's experience, we suggest revisiting the option of a technical focus. With a rationale and criteria supporting a choice of focus for alliances with the private sector, USAID can undertake a variety of activities ranging from the implementation of activities on the ground to promoting policy reform around the chosen technical area.

C. Incorporate lessons learned to propose systematic approach

This section assumes that USAID/Angola is committed to developing its capacity to carry out and expand its public-private alliances. A systematic approach requires multiple interventions, as noted below. We have identified which ones need to be done in the short term, and which in the long term.

1. *Construct the foundations for expertise in public-private alliances.*

In order to develop and institutionalize expertise in public-private alliances, we suggest the establishment of a database of multinational companies, assess potential through engagement and establish priorities. Each of these tasks is described in more detail below.

Database
Under the supervision of the PEO, establish a database that provides the necessary data for a comprehensive assessment of companies and interests. Begin with a list of all the American multinational companies operating in Angola. For each company, include a short descriptive summary, information about their interest in social investment, their priorities, contact name, a summary of USAID's engagement to date, issues and follow-up information. This may be a good project for Angolan students from a national university. Supplement with non-American multinationals and Angolan companies.

Use of the database, together with a networked version of inexpensive software for relationship/contact management (Goldmine or ACT) would facilitate knowledge retention and give the Mission the tools needed to manage the many relationships that will come about in an increased effort to form and maintain alliances.

Focus beyond the oil industry
Although oil companies have specific tax incentives and tend to stay for the long term and their interest in oil production is clearly tied to American capacity to consume oil, there are other companies such as Coca Cola that are committed to supporting local development and should not be ignored. There also appears to have been no contact with the mining industry so far. Yet another category of companies, such as Tyson Foods, is open to discussion about small and potentially significant contributions to start. All these could be included in a database of potential partners.

Ensure Continuous Engagement
An initial analysis of the database could identify priorities to begin engagement with select companies. Staff time must be available for continuous engagement as well as systematic monitoring of contacts and evolving relationships with different companies and with government. Engagement, however, is most useful to USAID when it is institutionalized, at least initially, through a database.

Ensure staff at Mission are trained
This includes the training program recommended in section A.2., and ongoing work within the Mission to analyze existing alliances and envision areas where USAID's comparative advantage may be used to draw more resources toward development.

Develop a strategic objective that supports alliance building.
A strategic objective formalizes the importance of public-private alliance building in the work of the Mission. A broadly stated, cross-cutting SO on alliance building allows AID officers to use professional judgment to choose areas where an alliance could maximize

development impact. The SO should emphasize cross-cutting alliances where multiple donors and multiple NGOs and others may participate to achieve strategic development objectives. In addition, the existence of an SO serves as a basis for recognition within the USAID system of time and skills required, as well as achievements in building alliances. A formalized SO will require monitoring progress and tracking impact. Thus successes are known and incentives exist to succeed.

An SO on alliances would facilitate alliance building in a number of areas and enable the Mission to work in cross-cutting development initiatives that don't easily fit under a single SO. The challenges associated with such an SO are significant as it entails thinking differently about how to achieve development goals and engaging in complex relationships and accountabilities with potentially less direct control for USAID than the traditional model. Yet, as the possibilities in Angola are numerous, it would no doubt result in beneficial outcomes from a development perspective.

Identify indicators for alliance monitoring and impact

Much of alliance building is time-consuming work that cannot be measured in the same way as development projects. The formalization of an alliance through leveraging USAID's resources is a clear but insufficient indicator of alliances. Additional indicators might include:

- Replication by other organizations and donors;
- Sustainability as demonstrated through financial independence and ability of projects to change/evolve to meet current needs;
- Change (increase) in resources available to development projects or other desirable outcomes due to USAID's brokering, or facilitative role.

If possible, an initial list of indicators could be developed by Mission staff and other participants as part of and toward the end of a training session or workshop on public-private alliances.

2. Implementing Public-Private Alliances

The key elements required are a system for recognizing progress, a transparent decision making process about where resources will be allocated to pursue or finalize an alliance, analyzing the impacts of different types of alliances and USAID's potential therein, and publicizing alliances and lessons learned.

Establish a decision making process on alliances with quick turnaround

Set up clear policies and procedures for formalizing relationships with private companies, including transparency about resources. Consider options provided in section A.1 of the recommendations.

Analyze the development impacts of different types of alliances

As noted above, there are numerous types of alliances underway. An analysis of their impacts guides USAID on the types of alliances that generate maximum impact as well as the types where USAID's unique capacities are prominent. The most effective types would command greater resources in the future.

Use convening authority to facilitate and promote public-private alliances
USAID/Angola is already the perceived leader in many circles, and it would do well more regularly to convene private and public donors. A potential topic for such convenings is to explore the Catholic University model and seek to use existing legislation to attract 1 cent from each barrel of oil produced for some other pressing issue such as supporting banks like Novo Banco or Banco Sol, which lend to non-traditional clients. Other convenings could be organized around the topics of upcoming alliances, alliances already underway, or on key technical areas in which USAID is currently engaged, such as HIV/AIDS awareness, or questions of economic policy generated by the policy center.

Use convening authority to address NICRA issues.
ChevronTexaco's concerns about the high NICRA to PVOs provides an opportunity for USAID to facilitate discussion between ChevronTexaco and the implementing PVOs. Such a dialogue would strengthen USAID's convening role and give PVOs an opportunity to explain how this money is used and for ChevronTexaco to express its concerns directly.

Link development programs with business interest.
An important way to ensure sustainability of economic programs is to tie them in with the purchasing/contracting needs of the companies operating in Angola (both oil and non-oil) and this would be a very popular area for alliance building, since there is considerable political support associated with working with Angolan companies/organizations. The ChevronTexaco/USAID program with ACDI/VOCA in Cabinda is an excellent example of this type of success.

D. Potential in Angola for USAID to leverage private sector resources

There is no doubt that the potential for private resources for development purposes will increase. As noted in section II of this report, there are good reasons to believe that social investments will grow and become an important part of business operations. For Angola, its natural resources combined with its emergence from war and its low levels of governmental transparency make it highly visible to the international community, including international activists. Thus the pressure on companies and other international actors to engage will only increase. We put forth two recommendations in this area

Two instances in which oil companies have approached the Mission with interest in doing something have slipped by because of lack of time and unclear roles, responsibilities and incentives within the Mission. In order for USAID to access the resources noted above, a substantial investment needs to be made. At a minimum, USAID needs to take at least three steps. First is to market more consciously the current MOU and the results from the investments made by AID and ChevronTexaco. Second, to increase its understanding of the types of resources available in Angola; the priorities of the companies with those resources; and the key drivers that mobilize resources. Third, to link systematically to the larger USAID community and draw on its human capacities and financial resources. There is no substitute for staff time in relationship building, reflection and analysis.

1. Marketing the work done so far

Some special opportunities are present at this time with the arrival of a new Ambassador who is very supportive of public-private alliances and the imminent arrival of a new Mission Director. Our suggestions are:

- There are a number of public outreach activities that could be incorporated into our alliance programs--this would be well-received by both the implementing organizations as well as the other alliance partners and would be an important part of supporting democratic and economic reform as well as enhancing civil society in Angola.
- Convene a set of three to six monthly forums around the topic of alliance building and invite government officials, company representatives, multilateral development agencies, PVOs and NGOs. Keep the presentations minimal and structure for discussion or debate. Save time by convening a small group representing the target audience to organize the series.
- Prepare a small brochure of ChevronTexaco Alliance with results indicating $s spent and families reintegrated; businesses started; clients served; etc., expressed in clear terms. The results provided by the implementing partners are important. The Mission might consider summarizing those to the level of alliances so that the overall development impact of an alliance may be more easily accessible.
- Set up and do radio/TV interviews about what has been achieved and what is possible.
- Consider ways to tie in to USAID's media assistance programs with alliance activities.

With the appropriate investments in both continuous engagement as well as organizational systems, the suggestion of $100 to $200 million in the next 5 to 10 years is not beyond reach. However, alliances are about more than dollars alone. An alliance might involve combinations that could include goods, relationships, dollars and something else. All are important, and when Alliance impact measures are developed, all these factors need to be taken into consideration.

2. USAID's Comparative Advantage in Angola

Both USAID and PVOs (especially the large ones) possess extensive technical and management experience, a large presence in many countries of the world, knowledge of local culture, context and conditions, as well as headquarters offices with additional human and financial resources that can be called upon when needed.

The Angola Mission would benefit from building on the more general statement of GDA capabilities and articulating its strengths, highlighting those that constitute its unique comparative advantage. We recognize some aspects of USAID's comparative advantage in these ways:

- Its ability to draw on governmental and non-governmental, for profit and non-profit organizations, as well as local, national and international resources to design development programs.
- Its management and oversight capacity, in many technical areas and with large and complex development programs.
- USAID's "seal of approval," which assures that organizations are audited and held to high reporting and oversight standards.
- USAID also has established and continuous relationships with other parts of the U.S. government as well as with other governments and multilateral organizations.
- As a governmental agency and one that is perceived as a leader in development in Angola, USAID has convening authority across public and private business sectors, and PVOs and NGOs.
- Lessons learned from other geographical areas and from history, and the ability to replicate successful development projects used in other Missions in Angola
- Access to large numbers of low-cost experts through its volunteer programs.

The Role of PVOs

Our interviews revealed that PVOs share many of USAID's expertise and management capacities, but do not have the full range of governmental contacts and access that USAID does. The large PVOs also are undertaking active, well staffed efforts to access corporate funds to leverage their activities. These funds sometimes become part of the cost sharing arrangements with USAID. While there are plenty of financial and human resources to go around, the Mission would benefit from articulating its comparative advantage vis a vis PVOs, and giving thought to how the Mission might engage more deeply with PVOs in collaborative efforts toward alliance building.

The larger PVOs have much the same reach and technical capacity as USAID, but as implementing organizations, tend to have a greater sense of on-the-ground realities. While PVOs may not have the extensive governmental networks of USAID, they tend to have links to vast non-governmental, localized and international networks.

The Role of NGOs

Ultimately it is the local organizations, NGOs or businesses, that will determine the development path of Angola. USAID, PVOs and international businesses can support that process, but the country's development has a lot to do with its own government and how its civil society takes up its responsibilities. USAID must engage with Angolan NGOs more proactively, as it appears to have done in the past. We have proposed the use of USAID's convening role as a starting point. However, given the perception that Angolan NGOs are losing out to PVOs for corporate resources, and USAID's own interest in seeking the sustainability of its earlier effort in capacity building with PACT, the Mission would do well to find ways to provide greater access to NGOs in its alliances with the private sector.

3. Role of USAID/Washington

In several parts of this report we have noted the potential use of expertise in Washington. In addition, with respect to leveraging private sector resources, we propose two recommendations.

Coordinate with Washington
The examples reviewed so far indicate clearly that the larger commitments over longer periods of time (example, ChevronTexaco-USAID, CABGOC and Shell-USAID-IITA) require headquarters involvement. Our typology of alliances also refers to multiple sources from which companies can draw on to fund development. These include regional and corporate sources, and they can be operational or from the corporate foundation, such as in the examples provided of Esso or Coca Cola. Coordination with comparable regional or international efforts on the part of USAID enables greater efficiency in use of Mission's time.

Budget Support
As noted earlier, building and maintaining relationships takes years. Given the many different types of alliances where there is already some contact, the Mission might explore the possibility of serving as a pilot with an alliance-specific strategic objective using GDA funds to do so.

The Mission might also consider setting aside, or negotiating with Washington for access of some proportion of its total budget (such as 10 percent) for alliance building. Thus, when an alliance becomes possible, the leadership at the Mission can negotiate with authority over a limited but substantial package of resources that can be immediately available. The fund would be similar to the GDA incentive fund used by the E&E bureau and and by the ANE bureau. Discussions with Washington about the possibility of additional financial support (perhaps matching funding) should be started.

E. Angolan Government's Ministry of Planning and Sonangol's interest in public private partnerships

There remains great potential to expand USAID's linkages to the government of Angola (GOA).

Extend contact and engage with GOA
Our limited meetings with the GOA reflect our first recommendation, which is to extend contacts with the GOA. Both the individuals we interviewed were open to and welcomed USAID's contributions to Angola's development.

Initiate dialogue with the ministry of planning, which has just completed its own plan and has offered to share with USAID. It covers a wide range of topics and overlap may be easily found with USAID's own priorities.

Sonangol is interested in forming a $20 million-$30 million investment fund to develop increased local content. It would possibly be similar to the USAID enterprise funds, which were a big success in Eastern Europe, but more problematical in the NIS. Even if USAID does not contribute cash to this fund, its involvement in planning/meetings and its experience and lessons learned from previous funds would be valuable to the Angolans. Transparency/accountability of such a fund would also be an important issue where USAID could contribute.

Sustainability

A great deal of development funding is tied to specific offshore blocks and programming for this funding is dependent on the GOA/Sonangol. Increasing the amounts the GOA puts into development is an important goal for USAID and tapping into block funds is a good place to start. Engagement with both the GOA and Sonangol is critical and the USAID Mission should work with the embassy to try and identify reformers, the Mission can work with on government to government reforms, especially (but not limited to) the economic growth area.

F. Potential for follow-up assistance

After the Mission has taken the decision as to the role of public-private alliances in its overall strategy, it would be appropriate for the consulting team to return to assist with implementation of the strategy depending on the emphasis that is given to such alliances. This may involve some combination of assisting with setting up the foundations/systems for alliance building, identifying specific objectives and opportunities within the Mission's existing programs as well as identifying specific ways to link ongoing and new alliance activities with their development impacts.

We recommend strongly a continuation of regular meetings along the lines of the June 2004 meeting to increase the familiarity of USAID staff with ChevronTexaco and vice versa. It would be ideal if the next visit could also be structured around one of these meetings.

The team could assist with setting up an analytic framework to better articulate the added value of such private-public alliances as well, if time permits. Given the limitations of the last visit with respect to exposure to ongoing activities in local capacity building, it would be helpful to include field visits to gain a better understanding of field level impacts and potential for sustainability.

VII. Conclusions

Our scope of work required a focus on alliance building, but not on the programs that result from such alliances. We found this to be a significant handicap since USAID's key reason for entering into public-private alliances is to enhance development impact. While alliances may be assessed by the quality of relationships, their impact on poverty and development remains central to USAID. In a future visit, if appropriate, we recommend the inclusion of field visits.

We also recommend analysis of the different types of alliances the Mission is engaged in, the development of indicators that help identify correlations between alliance types and development impacts. Such analysis would be invaluable when it is time to make decisions concerning resource allocations.

Annex One

ANGOLA GDA TECHNICAL ASSISTANCE SOW

Background:

USAID/Angola has been involved in several public private sector partnerships to support its assistance programs in Angola for over five years. The largest partnership that was formalized was in December 2002, when USAID/Angola and ChevronTexaco signed a memorandum of understanding (MOU) for a $20 million five-year public-private alliance to provide support and training for enterprise development in Angola. The agreement follows the cessation of more than 20 years of civil war in Angola. The enterprise development alliance sought to assist in the transition to a peacetime economy that will provide opportunity for all Angolans. USAID and ChevronTexaco have been working in partnership in Angola since 1999 on such diverse projects as vocational training, agribusiness development and health. Both USAID and ChevronTexaco viewed the enterprise development alliance as an initial commitment and believed that there are opportunities for further growth. This alliance is part of a broader $50 million commitment to Angola over five years by ChevronTexaco and its partners, including USAID.

After one year of signing the MOU, the program focus has expanded and an estimated 85% of alliance funds have been committed to support development relief activities, seeds and tools distribution, agricultural research, the establishment of an enterprise development bank and a business development center. USAID/Angola's alliance with Chevron has inspired other private sector firms to initiate dialogue with the Agency's GDA Secretariat and the Mission on establishing a similar type of alliance or partnership. For example, in the last two years, ESSO has increased its contribution to USAID supported activities. USAID/Angola is currently in discussion with a few other potential private sector alliance partners. The Mission has a vision of leveraging significantly more resources and support from public private sector partnership to support programs where there is a mutual interest over the next five to ten years. Currently, there are public private partnerships in two of the Mission's three strategic objectives and one special objective in health, food security and agriculture, economic policy reform and SMME development.

The objective of this consultation is (1) to identify lessons learned thus far in USAID/Angola's experience in building and managing public private sector alliances, and (2) to identify constraints and opportunities within the Agency, USAID/Angola, existing and potential private sector partners in Angola and their headquarters, and local stakeholders in building and managing public private sector partnerships. Another objective of this consultation is to assist USAID/Angola key staff in negotiating the expansion of existing partnerships and the development of new public private sector partnerships.

Scope of Work:

The consultation will be carried out over a period of 21 days which will include two trips to Angola. A six-day work week is authorized. One Consultant is needed to carry out the scope of work, an individual with considerable experiences in building public private alliances and a good knowledge of social responsibility. The Consultant will spend three days in Washington briefing key individuals at ChevronTexaco, BP, ESSO, Shell, and USAID/Washington, and individuals at USAID/Nigeria involved in public private partnerships and up to nine days in Angola. Upon completion of the tasks mentioned below, the Consultant will take up to 3 days to finalize the report incorporating the findings and recommendations, and an outlined systematic approach that USAID/Angola staff can utilize in alliance building. After the Mission reviews and discusses the report, the Consultant will return to Angola in a six day follow up trip within three to six months to assist in initiating the implementation of key recommendations in strengthening current partnerships, building new partnerships, and improving relationships with key stakeholders.

The objective of the Washington briefings is to gather information on how existing partners view the progress of their alliance or partnership with USAID and to better gauge potential partners' interest in terms of their relationship, structure and capacity, mutual interest, and expectations in alliance building with USAID/Angola. The Consultant will continue the work in Angola where he/she will consult with the Mission Director, Program Officer, and General Development Officer, representatives of current private sector partners and alliance partners such as ChevronTexaco and ESSO, potential partners such as BP, Coco Cola, DeBeers, Shell, Banco Sol, etc., USAID's program implementing partners, and stakeholders such as the Angolan Government's Ministry of Planning, the Social Action Fund (FAS), Sonagol, and UNDP.

Another objective is to use the information gathered to document and apply lessons learned in future alliance building efforts and develop a Mission protocol or approach for initiating, negotiating, managing, and monitoring public private partnerships.

The Consultant will conduct and perform the following tasks:

1. Review Alliance background documents and USAID/Angola's current country strategic plan, recent program assessments and evaluations in agriculture, health, and democracy and governance. Conduct interviews with current alliance partners and potential private sector partners, USAID staff in Washington and Angola, interested donors and stake holders;
2. Identify lessons learned in terms of constraints, and opportunities in the development, negotiations, management, implementation, and monitoring of USAID alliance and partnership programs;
3. Assess the potential in Angola for the Agency and USAID/Angola to leverage private sector resources over the next five to ten years;
4. Based on discussions with private sector partners and stakeholders assess the potential to attract and get greater support from private sector firms for activities

that include support to economic policy reform and micro, small and medium enterprise development and other USAID priority development areas such as health, HIVAIDs, education, agriculture, and democracy and governance , and local capacity building.

5. Assess USAID/Angola's capacity to manage existing public private partnership, the Mission's effort to expand and build new public private alliances, and make recommendations on how to improve or strengthen USAID's capacity and effectiveness;
6. Incorporating lessons learned propose a systematic approach with broad flexibility that USAID/Angola staff can utilize in building and managing public private sector partnerships and key stakeholders interest.
7. Assess the Angolan Government's Ministry of Planning, and Sonagol's interest in public private partnerships and working with bilateral donors such as USAID. Identify areas of common interest where dialogue can be initiated and understandings or agreements reached. Make recommendations on how USAID can increase its effectiveness in establishing relationships with these stakeholders; and
8. Assist in initiating and implementing recommendations in follow up actions included in the final report.

Qualification:

The individuals should have at least 10 years of experience in international development, community program development, fund raisings, and a good knowledge and considerable experience with corporate social responsibility related activities, especially in negotiating and establishing private sector partnerships to support assistance programs. The Consultant should have a good understanding of USAID as an institution, its functions and policies in carrying out development programs. A Bachelors degree in international relations, business administration or other social sciences is required. A Masters degree is preferred in public administration, international affairs, economics, or business administration. Language requirement include fluent English. The ability to speak Portuguese or Spanish is strongly desired.
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Deliverables

Below is a list of the following deliverables expected at the completion of the assignment.

1. Three days of briefing in Washington with representatives of USAID's current and potential public private partners, staff in USAID's Economic Growth and Trade Office Energy unit, USAID's Global Development Alliance Office, and key individuals in the USAID/Nigeria Mission involved in public private partnerships. Other individuals as the Consultant and USAID deem appropriate may also be suggested.

2. A report that discusses lessons learned in terms of constraints and opportunities in USAID/Angola's experience in negotiating, building,

managing and monitoring public private sector alliances and partnerships. The report should include a detailed outline of steps and actions recommended with suggested roles and responsibilities and anticipated or expected impact. The document should include a summary section, a methodology section, a section that discusses the key findings, conclusions, and proposed recommendations and a section that outlines a systematic approach for USAID/Angola to use in building alliances. The annex should include the SOW, list of individuals and institutions contacted, bibliography, and other relevant background information.

3. Brief presentation to USAID staff on corporate social responsibility and alliance building.

4. Debriefing of USAID Angola senior management and leave draft report for review and comments before departing the country.

5. A final report incorporating Mission's input within two weeks of departing the country.

6. A follow up five day trip visit to assist in initiating and implementing report recommendations and complete dialogue and discussions with private sector partners and potential partners on expanding and building new alliances. Upon completion a debriefing of Mission staff will be organized and a brief trip report should be submitted.

Annex Two

List of People Contacted

Businesses

Coutinho Nobre Miguel, Vice President, Banco Sol
Sergio Lavrador, Administrator, Banco Sol
Chris Spaulding, Commercial Manager, BP Amoco
Francisco da Cruz, Communications and External Affairs Manager, BP Amoco
Maria Santos, BP Amoco
Simon P. Lowes, Chevron-Texaco, California
Dennis Fleming, Chevron Texaco
Fernando Paiva, Manager, Public and Government Affairs, Chevron Texaco
Zeya Uddin, Director General, Coca Cola Company, Luanda
Michael Dooley, Public Affairs Manager, Esso Mobil
Paul Garnham, Managing Director, Europe, Tyson Foods, Inc.
Jose Barroso, Industry Affairs Director, Schlumberger Technical Services Inc.

PVOs and NGOs

Jonathan White, Director of Operations, World Vision
John Yale, World Vision
Fern Teodoro, Representative, World Learning
Louise Norman, PSI Country Representative
Douglas Steinberg, Care Country Director
Scott Campbell, Country Representative, Catholic Relief Services
Wayne Lifshitz, Project Coordinator, Africare
Connie Brathwaite, Consultant on Angolan NGOs
David Benafel, ACDI/VOCA

Government of Angola

Zeferino C. Iombo, Director, Local Content Business Project, Sonangol
Petro Luis da Fonseca, Director, Ministry of Planning

Embassy of the United States

Cynthia Efird, Ambassador

USAID

Gomes Cambuta, Agriculture Advisor and Mission Envoy
Gail Spence, Program Officer, USAID/Angola

Ken Lyvers, Transition Advisor, USAID/Angola
Allan Dwyer, Food for Peace Advisor, USAID/Angola
Holly Flood, SO6 Team Leader, USAID/Angola
Elias Isaac, Senior D.G. Specialist
Zipporah Wanjohi, Maternal and Child Survival Advisor, USAID/Angola
Bill Hagelman, USAID/Washington
Andrew Levin, USAID/Nigeria

UNDP

Ofelia Eugenio, Programme Coordinator, Angola Enterprise Programme

Annex Three

Matrix of Alliances Found in Angola

This matrix provides a starting point. Most likely there are far more alliances than listed here, but identifying and documenting them in an organized fashion requires more time and broader engagement than was possible in this consultation.

Description	*Examples*	*Issues*
(1) Business funds for development via USAID; channeled as U.S. development assistance.	* USAID-ChevronTexaco to USAID; disbursed by USAID to PVOs.	*Fund leveraged to increase program impact. *Management streamlined and quality assured by AID's standards. *Facilitates monitoring and demonstration of overall impact. *In instances where the lead PVO further subcontracts to other PVOs, there is a perception on the part of ChevronTexaco that there is excessive use of resources for overheads. *The priorities of AID may not match exactly with those of the company.
(2) Direct company funding to a PVO without USAID involvement.	*BP and ESSO to PSI for staff HIV/Awareness training.	*PVOs have appreciated the flexible reporting requirements; in some instances they still follow AID reporting guidelines.
(3) Government and Company funding to PVO, but no direct AID involvement.	*Social funds via Sonongol to Africare for seed multiplication.	*Requires high level engagement with government of Angola.
(4) Direct company funding to PVO with USAID as facilitator.	*Coca Cola to Oxfam for bore well digging (expected)	*USAID is able to apply its knowledge of PVO capacities to benefit development without funds or excessive management time.
(5) Multiple sources of funding to one implementer.	*CABGOC and USAID to ACDI/VOCA *Shell/Nigeria and USAID/Nigeria to IITA	*Leverages funds for greater impact *Company benefits by USAID monitoring and standards *Potential issue for receiving

		organization in coordinating timing of funding transfers. *Shell has not yet transferred its share to IITA.
(6) USAID in-kind contributions leveraged by receiving PVO for cash resources through a company. And, USAID as facilitator.	Coca Cola pays PSI for distribution of condoms at events sponsored by Coca Cola. CC also gives access to its distribution network for condom distribution and HIV/AIDS education. USAID provides the condoms through PSI.	* In this instance USAID facilitated the relationship between Coca Cola and PSI, but is not involved in implementation or accountability beyond the handing over of condoms.
(7) Company gives in-kind contributions to support existing program.	Coca Cola provides space on its billboards to NGO for HIV/AIDS awareness campaign.	
(8) Multiple sources of funding to multiple implementers. Funds are selectively channeled to implementers in accordance with funders' development strategies and implementers' funding restrictions. Example: ChevronTexaco is funding local NGOs to implement programs in… These NGOs were trained by CRS with USAID support. GSK is donating vaccines for immunization. USAID supported CRS to train activistas who are critical to the effective immunization of children in Angola.	*Potential example for Angola where there is PVO concern about the extractive sector and restrictions on accepting funds. This model allows companies to fund local NGOs to emphasize Angolan content and complement the capacity building work of PVOs. * For instance, a capacity building organization may not be able to accept extractive company funds, but the company may still contribute to the development impact of capacity building by supporting the local organization directly for implementation.	* Explanation of such an Alliance is complicated and PVOs we spoke with have not yet discussed the full implications of such alliances with their headquarters.

Annex Four

Glossary of Terms

AEAF	Angola Education Assistance Fund
BP	British Petroleum
CABGOC	Alliance of companies operating the Cabinda oil block: ChevronTexaco, British Petroleum and Total Elf Fina
CLUSA	Cooperative League of the United States of America
CRS	Catholic Reflief Services
GDA	Global Development Alliance, Washington Secretariat
GOA	Government of Angola
IITA	International Institute of Tropical Agriculture, Nigeria
INGO	International Nongovernmental Organization
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
NGO	Non-governmental organization
NNGO	National (Angolan) non-governmental organization
PRESTIGIO	Angolan association of small entrepreneurs
PSI	Population Sciences International
PVO	Private Voluntary Organization
PWYP	Publish What You Pay
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

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