USAID
FROM THE AMERICAN PEOPLE

Building Alliances Series:

DEMOCRACY

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DEMOCRACY AND GOVERNANCE SECTOR GUIDE

Welcome USAID Alliance Builders!

Public-private partnerships done right are a powerful tool for development, providing enduring solutions to some of our greatest challenges. To help familiarize you with the art of alliance building, the Office of Development Partners / Private Sector Alliances (ODP/PSA) office has created a series of practical guides that highlight proven practices in partnerships, demonstrate lessons learned, and provide insight on identifying and designing strategic partnerships that will meet your sector-focused development objectives.*

The purpose of this guide is to support you in building public-private partnerships in Democracy and Governance. Whether you are new to alliances or a seasoned expert, in the following pages you will find tips, resources, and information that remove some of the mystery behind alliance building in this sector. Additionally, we hope this guide will inspire you, with its stimulating questions and partnership examples from around the world, to think creatively about designing alliances that will address key challenges wherever you are working. Although the series includes partnership examples from many organizations, the guides emphasize USAID's **Global Development Alliance (GDA)** model of alliances.

While this guide is meant to promote your partnership efforts in Democracy and Governance (DG), it represents only part of the DG alliance information available. There are also additional resources and guidance readily available to you on the GDA website: http://usaid.gov/GDA.

* The terms "alliance" and "partnership" are used interchangeably in this guide.

THE COLD, HARD TRUTH: DG ALLIANCES CAN BE DIFFICULT

Alliances in the DG sector face unique challenges –

Intangible objectives can cause uncertainty. DG officers work on sensitive issues that can be challenging concepts for alliance partners who have not worked in the sector. Terms like "good governance" or "civil society" may cause uncertainty about what a partner's role will look like and what outcomes may result.

Fear of reprisal is not uncommon. Some potential partners may be initially reluctant to participate in activities that they assume might cause a backlash from powerful stakeholders.

DG alliances can be especially time-consuming. It may take extra time to understand a business partner's perspective, since local business and multi-national business each may approach a DG partnership from a very different viewpoint. Building trust and clear communication can also take longer than in other sectors.

Transparency is always important; in DG alliances it is critical. Rigorous and robust measures to guarantee transparency are necessary to avoid any appearance of improper involvement in local politics.

(BUT THEY ARE WORTH THE EFFORT)

– but DG alliances also hold the potential for significant, cross-cutting impact that is not possible in other sectors.

DG alliances focus on root causes, not symptoms. Partnerships in this sector seek to improve fundamental conditions that underlie all aspects of development, from the quality of public dialogue, to transparency in decision-making, to respect for the rule of law. A successful DG alliance can help to transform the environment for all stakeholders.

The private sector can be a compelling voice in reform efforts. Public sector reform can be encouraged when the private sector, a source of investment, employment and economic growth, makes the case for change.

Multi-stakeholder partnerships are common, increasing an alliance's impact with combined resources and talent. Joint efforts reduce the risk to any single actor, and can have widespread impact on an industry sector or a country's entire business environment.

Philanthropic organizations can be important partners. Many prominent philanthropic organizations have taken the lead on governance issues in ways that are a natural follow-on to their core programs. Such organizations can be an important partner in DG alliances. For more information, see page 22 of this guide.

ALLIANCE MODELS IN DEMOCRACY AND GOVERNANCE: WHAT WORKS?

If you are designing a new partnership, a good place to begin is a review of what has already been successful. Take a look below at three broad categories for DG alliances, including eight specific models, as well as some emerging ideas.

GOVERNANCE ALLIANCES

MODEL 1: SUPPORTING GOOD GOVERNANCE

Effective governments deliver a wide range of critical services for citizens, including providing security, setting and enforcing rules and regulations and furnishing public goods. The private sector's ability to flourish also depends on these governance issues. If weak governance restricts a company's business activities, the company's costs of inaction are extremely high. An alliance that supports good governance can put partner resources to use where governance is weak, and can reinforce local reform efforts. In turn, the private sector benefits from a more transparent and supportive business environment.

The **ChileCompra – Microsoft** partnership focused on **procurement**. In 1999, Chile launched ChileCompra, an electronic procurement portal, to consolidate government contracting into a single, online site that would both increase procurement transparency and reduce government costs. However, small businesses that did not have computer access were being left out. Microsoft's Partnership for Technology Access, Chile's Ministry of Finance, and others developed a low-cost package for small businesses that included software, computers, internet access and training. The Ministry provided competitive

36-month financing and Microsoft contributed software and training. One year after the partnership was launched in 2006, more than 20,000 micro-, small and medium-sized Chilean companies had purchased the package and were registering on the procurement portal.

In Panama, USAID joined ADEN Business School, and the National Tax Directorate (NTD) to train more than 500 government officials on institutional changes needed to become a more transparent office, and to provide better services to taxpayers and increase tax collection. These **capacity building efforts** covered topics such as managerial skills and teamwork, but also a number of components on transparency, accountability and the public's right to have access to information. In the first year after the training, tax revenues increased by more than 21%. The business school also gained from the exposure of its class offerings and teaching methods to a large number of potential students.

MODEL 2: STRENGTHENING MUNICIPAL GOVERNMENTS

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Municipal governments often control key resources in locations where the private sector has strong interests, yet in many countries local-level government institutions lack the funding, resources and expertise that are necessary for robust public service. This can be especially true when national decentralization measures assign new administrative and fiscal responsibilities to municipalities. Alliances that collaborate with municipal governments have shown good potential to improve conditions at the local level, building institutional capacity and supporting policies that meet the needs of all citizens as well as business. Private sector actors that are inflexible in terms of location (such as extractives companies) may be motivated to participate in such alliances.

The **Municipal Development Alliance** in Angola addresses both **capacity-building** and **citizen participation** at the municipal level. The partnership's unique Integrated Development Plans include the participation of ordinary citizens to help direct the distribution of resources to meet community needs, and to be involved in the design of policies that foster local sustainable development. Micro-projects build skills in entrepreneurs, while capacity-building for municipal administration staff includes participatory planning, computer skills, decentralization and leadership. Alliance partner Lazare Kaplan, a diamond distributor, had mining operations in the area, and joined the alliance to contribute funding and training. USAID provided technical assistance in designing the Integrated Development Plans and advised on their implementation.

In Mexico, Evensen Dodge has joined USAID to help regional governments tap capital markets to **finance local infrastructure.** When decentralization measures push financing responsibility out to municipal or regional governments, capacity for raising capital is not always immediately in place. Evensen's technical assistance helped local governments in two Mexican states borrow $300 million from domestic capital markets for infrastructure improvements. State credit ratings were improved, resulting in lower transaction costs and interest rates, saving the states an estimated $4-6 million and positioning them to be more attractive to national and international investors. USAID provided legitimacy and oversight to the process, and Evensen provided technical work at a 50% discount.

The **International Budget Partnership,** an NGO that partners with civil society organizations, focuses on **budget transparency** issues in over 40 countries around the world. The aim of the Partnership is to make budget systems more responsive to the needs of poor and low-income people in society and, in turn, to make budget systems more transparent and accountable to the public. IBP provides training, technical advice, and step-by-step guides that provide instruction on how to monitor and track the budget process. IBP has also developed the Open Budget Initiative, a comparative measurement tool that assesses the public availability of budget information within a given country.

In Ukraine, the **Partnership for the Future of Alchevsk** is an alliance among USAID, the Industrial Union of Donbass Corporation, or ISD (one of the largest Ukrainian steel trading and holding companies), and the City Council of Alchevsk. Alliance partners seek to improve city services and the life of city residents by investing in a range of local development programs. ISD is funding the purchasing of materials and equipment, USAID provides technical expertise and coordinates with implementing partners, and Alchevsk municipal leaders monitor implementation as well as installation and maintenance of modern infrastructure. In the first years of the program, more than 100 municipal development programs were designed and implemented, and the city achieved a 20% reduction in commercial water loss.

MODEL 3: REINFORCING RULE OF LAW

Democracy and good governance require adherence to a solid standard of justice and protection of human rights based on the rule of law. Protecting the rights of all citizens – as well as business – is a critical feature of an effective legal system as well as an environment that supports sustainable development. The private sector can contribute key resources to alliances that support legal systems, and can benefit from increased transparency and clear procedures for business operations and resolving disputes.

The **Criminal Justice Strengthening Program** (CJSP) seeks to fight white collar commercial crime in South Africa, and is supported by an alliance among USAID, South Africa's Department of Justice (DOJ), and Business Against Crime (BAC), an NGO coalition of major South African firms. The CJSP partnership focused on building capacity to address the surge of commercial crime that occurred after apartheid's authoritarian controls were lifted; by the year 2000, commercial crime was siphoning $6 billion a year from the economy. USAID trained South African prosecutors in trial skills for financial crime cases. BAC refurbished office space in downtown Pretoria, converted an underground parking lot into courtrooms and a holding cell, and set up a computerized caseload management system.

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"USAID shares an interest with mobile communications companies in promoting new media tools which could be used to give people access to otherwise unavailable information (or where access might be incomplete or variable) and also in enabling individuals to communicate with each other more effectively."

TROY ETULAIN, DCHA/DG/CS

USAID is working with Arizona's National Law Center for Inter-American Free Trade in an alliance to build trade capacity in Mexico. In addition to public institutions of justice, the partnership has engaged with private practice lawyers representing corporate clients and in-house counsel for Mexican and U.S. corporations. Part of the alliance focuses on building capacity for **Alternative Dispute Resolution (ADR), including arbitration.** In a 2009 workshop, the partnership presented ADR best practices and strategies for using ADR mechanisms (including conciliation, mediation and arbitration) in certain sectors in Mexico, including the construction sector, public works and public procurement, the energy sector and cases pertaining to State-investment disputes. Interest in ADR from both private and public sector was strong.

In Colombia, USAID's **Houses of Justice** projects works with the government to strengthen the rule of law in many areas, sometimes attracting private sector support. In one region, a House of Justice and Peace partnership was formed with BP and several oil pipeline companies to strengthen local rule

of law and the judicial system. The alliance sought to improve **access to justice** for citizens and to increase the number of judicial and social service officials trained in conflict resolution. BP provided funding as well as computers, desks, phones, photocopiers and other office equipment. USAID provided trainers for conflict resolution, financing and technical support.

USAID joined with Goldman Sachs, UBS and other financial services companies to form the **Transparency and Accountability Alliance,** focused on modernizing the Russian Securities Market. Alliance partners collaborated on designing a **new legal and regulatory framework** for Russia's brokerage industry, which would bring the system up to international standards, help increase transparency, diminish market abuse, and deter money laundering. New legislation would also close regulatory gaps that could have put individual investors at risk. With support from the twelve private company partners, the alliance developed the code's draft texts and included global best practices. The financial companies provided funding as well as technical expertise, USAID served as liaison with the Government of Russia and provided background on the country's financial sector.

MODEL 4: COLLABORATING ON PUBLIC SAFETY

While governments play the key role in public safety, communities can also become involved in efforts to reduce crime. The private sector may support an alliance focused on community safety as a way to protect its employees, customers and business assets.

USAID partnered with the American Chamber of Commerce in Jamaica to create the **Community Policing Program,** an alliance designed to reduce tensions and improve community-police relations in a tough, inner-city neighborhood that was experiencing high rates of violent crime. More than 50 companies joined the alliance through the Chamber, providing financial as well as in-kind support, and providing a united voice calling for a reduction in crime and better police relations. The alliance created a multi-purpose community services facility that offered training in conflict resolution, relationship building, and other skills.

Reducing youth crime is one of the highest priorities for Guatemala's government and private sector. USAID's **Youth Challenge Program** aims to reduce the number of youth at risk that enter gangs, and focuses on building capacity in Guatemala's Youth Alliance Association. The Association, through multiple alliances with the private sector, will offer employment, mentoring and demand-driven skills training to youth at risk and ex-gang members. The Guatemalan private sector, although traditionally disengaged on this topic, is increasingly acknowledging the effects of crime on the economy and committing its own resources to participate in these alliances as crime prevention initiatives.

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CIVIL SOCIETY ALLIANCES

MODEL 5: UTILIZING MEDIA AND TECHNOLOGY

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Mass media, broadcasting, and emerging communication technologies have all been utilized in alliances that support DG objectives. Media can reach key groups or the general public with targeted messages designed to effect behavior change or sway opinion. The potential of both existing and new technologies to promote DG messages is constantly expanding. Private sector media companies are often motivated to participate because of the potential to increase market share, or for social responsibility reasons.

In Panama, the Panamanian Association of Executives, the Panamanian Credit Association and other business organizations joined with USAID and media partners to promote civic values such as ethics, honesty, accountability, and transparency through a sweeping public awareness campaign. The campaign used compelling **TV, radio and billboards advertisements** that encouraged Panamanians to "do the right thing" in their daily lives. Media partners donated advertising expertise to design the message, as well as air time and billboard space. The reach of the program was large – 1.4 million people reached

by messages on corruption awareness, 1 million reached by public campaign on environmental crimes, and 500 youth at risk in inner city sensitized on ethical values. The Mission believes that the alliance strengthened local support for ethical behavior and democracy and good governance.

Beginning in 2009, the **Knight Foundation** and USAID are partnering to fund **Counterpart International** and **MobileActive.org** in the implementation of two separate but complementary projects to develop, catalog and utilize mobile and new media technologies to improve the communication and coordination of civil society, community and independent media organizations globally. The alliance will provide short-term consultative assistance to NGOs and independent media organizations in developing countries on the use of new media technologies to enhance their communication and/or coordination efforts.

MODEL 6: ENHANCING CIVIL SOCIETY AND SOCIAL ENTREPRENEURSHIP

A vibrant civil society plays a key role in democracy and effective governance, often serving as a consistent voice for transparency and pluralism. Alliances that focus on strengthening civil society organizations can help these organizations acquire the skills and knowledge they need to participate in public life. Private sector partners who have a strong commitment to the community in which they work may be interested in becoming alliance partners.

The Synergos Institute and USAID developed the **Arab World Social Innovators** program to identify and support twenty individuals from Egypt, Jordan, Lebanon, Morocco and Palestine who are implementing successful social projects. The selected social innovators are pioneers of change within their communities who offer new ideas, creative approaches and promising solutions to pressing social, economic and environmental problems, and who have a small project that has the potential to expand to a national scale. The program provides training, mentoring and peer learning for participants, and also facilitates business connections and financing options. Private sector companies participate as mentors and trainers, as well as advisory council members.

In Russia, USAID is working with legal firms, the American Bar Association (ABA), and the Public Interest Law Institute (PILI) to create the ***Pro Bono* Clearinghouse.** In two years, this partnership secured commitments from 16 international and six local firms to provide free legal assistance to NGOs. In 2008 more than 90 cases were resolved – a value of $900,000 in legal services. USAID coordinates and promotes the partnership, while the law firms provide legal expertise. At the end of 2009, USAID and PILI were planning to expand the alliance to other countries in the region.

MTV's Rock the Vote project aims to increase

MODEL 7: STRENGTHENING LABOR STANDARDS

Manufacturing industries face demands from buyers to not only be competitive on cost but also to produce goods under ethical labor conditions. Individual countries also enforce local labor laws. The private sector may join an alliance on labor standards as a way to collaborate with governments to protect workers while keeping industries competitive.

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The Continuous Improvement in the Central American Workplace partnership **(CIMCAW).** The project gathers diverse actors to form a multi-sector alliance working for the **improvement in labor standards compliance** in the textile and garment sector in Guatemala, El Salvador, Honduras, Nicaragua and the Dominican Republic. This alliance brings together government, factory owners, workers' associations, unions, international and local NGOs, major-label garment buyers as well as national labor departments and their inspectors, to find common ground and a common vocabulary regarding labor practices. Manufacturers benefit by gaining reliable sources of ethically-sourced goods, shared costs and responsibilities among all brands for continued compliance, meaningful engagement at the local level and enhanced brand reputation. For more information, see the case study on page 45.

"Getting the government, workers, and the private sector to come together and discuss labor rights in a productive manner is our most important achievement."

JORGE DUARTE, PRIVATE SECTOR MEMBER OF THE CIMCAW ALLIANCE.

MODEL 8: PREVENTING HUMAN TRAFFICKING

Human trafficking sits at the nexus of multiple development challenges, including poverty, economic deterioration, conflict, and population displacement, all of which conspire to provide a source of poor and vulnerable individuals -- mostly women and children -- upon whom traffickers prey. Media companies and other private sector actors can join forces to promote public awareness of trafficking and educate society about its dangers.

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MTV Networks, the MTV Europe Foundation, Coca Cola, USAID and others have worked together to **raise awareness about trafficking** in Asia. The **MTV EXIT** Global Development Alliance aimed to create awareness about the problem through television programs and online content focused on the young audiences most susceptible to human trafficking. USAID contributed its deep knowledge of the program and identified the viewer groups most at risk, helping MTV to create relevant and powerful content that would engage their viewers. MTV recruited regional singers and other celebrities and used their expertise in creating compelling video content. MTV also organized live concerts where anti-trafficking messages were prominent. The programs reached more than 300 million households in over 25 countries during the life of the partnership.

EMERGING DG TRENDS THAT HAVE ALLIANCE POTENTIAL

♦ USING EXISTING TECHNOLOGY

Mobile phones. Mobile telephones have become ubiquitous, even in most developing countries, and are commonly used for voice, text and video communications. Mobile phones have already proven useful in various economic growth initiatives, such as agricultural projects where market price information is disseminated to farmers via text message. The next step is to integrate mobile technology into efforts to improve governance. Not only could governments use this technology to improve service to citizens (like disseminating weather warnings or notice of utility breakdowns), but citizens can also interact more readily with governments. In the Philippines, the government launched the TXTGMA project, which solicited citizen input into national policies via text messages to the President. In Kenya, Bunge SMS has designed a platform to allow citizens to send a text message to their Member of Parliament with a message about their policy preferences. In recent elections in Ghana and Afghanistan, observers used SMS messages to provide live updates on the state of disparately located polling stations.

Social networking. Social networking sites allow users to post a public or semi-public profile on the internet and to link with other individuals who share common ties or interests. Social activists have created special Facebook groups to organize their supporters, only to close these groups and create others once original groups have become influential, or when authorities have discovered and infiltrated them. Topic-specific networking sites have been established around development and sustainability issues, such as change.org, changeagents.com and justmeans.com. Some initiatives have emerged to encourage citizen interaction with government, such as Tweet Congress "http://tweetcongress.org/" and Tweetminster "http://tweetminster.co.uk/." Some sites, such as "http://www.ning.com/" allow for the creation of unique social

networking sites. While social networking sites are clearly influential in the construction of individual legitimacy and leadership, and for moving individuals from knowledge to action, the potential of social networking sites to positively affect governance issues has not yet been fully explored.

Gaming technology. USAID/Washington has begun exploring the potential of what has been coined "Serious Games" -- using video game technology to explore topics that go beyond mere entertainment. The unique appeal of and existing audience for video games can be used to address new topics such as world hunger and peace-building. Gaming can be used to educate and train people in a very unique and direct way to tackle real world issues. The envisioned alliances will involve USAID/Washington as well as select Missions, game developers, information technology companies, and technical implementing partners. The games, created by game designers and developers with input from other alliance partners and from youth, will be a creative and attractive means for encouraging young people's active engagement in public life and in taking responsibility for their personal well-being.

♦ USING EMERGING TECHNOLOGY

New technologies continue to emerge that hold the potential to be useful in DG efforts. A full review of emerging technologies is not practical in this guide, and would shortly become outdated. For up-to-date technology

developments, contact USAID specialists in DCHA/DG/CSM, EGAT/I&E/ICT or ODP/OD. For inspirational examples, however, consider the following three emerging methodologies and technologies for the mobile telephone platform:

Crowdsourcing refers to the outsourcing the resolution of a problem or question to the general public. **Citizen-produced media** is a form of crowdsourcing which relies on new media technologies to give citizens the ability to report news or activity from any location, at any time—without any formal training. For example, the NGO Ushahidi was developed during Kenya's post-election crisis in 2008, and used a website to gather reports of violence reported via text message. The most influential footage from Iran's 2009 post-election violence was shot on mobile phone cameras by average citizens.

Mobile Mesh Networks or Mobile Ad-Hoc Networks enable mobile phone communication without a network of cell towers or mobile telephony providers. If two mobile phones are equipped with mesh calling software, they can communicate with each other if they are within reach, and relay calls and/or SMS messages to third parties. Mesh calling presents an option for sustaining mobile phone communication in situations where either there are no cell towers or where authorities have purposefully shut off mobile communications.

Open source software for mobile telephones will allow design of applications for a multitude of uses, including DG issues. Examples include programs allowing journalists to edit audiovisual content on their phones, as well as software which both allows for customized forms for data collection on mobile phones and rapid collation and analysis of this data on computer.

USAID/DCHA/DG/CSM recently released two relevant guides, the Community Media Sustainability Guide and A Mobile Voice: The Use of Citizen Media in Citizen Journalism which are available from the USAID website.

♦ ENCOURAGING CITIZEN OVERSIGHT OF GOVERNMENT

USAID has been involved in a project in Colombia that supports the

development of citizen oversight groups *(Veedurias Ciudadanas)*. The Veedurias educate citizens on how to hold government accountable for their rights and essential services. While Veedurias have not yet had the private sector as a partner, the concept could be adapted to an alliance.

♦ LINKING INDIVIDUAL PHILANTHROPIC DONATIONS TO DG EFFORTS

Geneva Global and USAID have joined forces to help Ecuador fight human trafficking. The alliance will use Geneva Global's highly successful social investment platform that serves individual donors. Funds raised through the alliance will support a comprehensive strategy to combat trafficking through prevention, rehabilitation, prosecution, and legislative reform.

Philanthropic Organizations and DG Alliances

Prominent foundations and other philanthropies have undertaken important work on governance. Since philanthropies are often seen as benevolent actors, or at least neutral brokers, they may sometimes gain access to stakeholders more easily than the private sector. USAID and foundations collaborate through sharing of networks, expertise, and joint innovation to undertake challenges that no one organization can solve on its own. Consider whether a philanthropic organization could further your DG alliance, and investigate to see whether they already have private sector partners working with them. Below are examples of philanthropic programs:

The Open Society Institute - Soros Foundations Network

OSI supports a number of governance- and civil society-related initiatives, including the Africa Governance Monitoring and Advocacy Project (AfriMAP), Local Government Public Service Reform Initiative, the Justice Initiative, and the Right to Information Fund.

The Synergos Institute

Synergos' Arab World Social Innovators Program was launched in 2007 with support from USAID. The three-year initiative seeks to identify and support twenty individuals from Egypt, Jordan, Lebanon, Morocco and Palestine who are implementing successful social projects. Social Innovators are pioneers of change within their communities who offer new ideas, creative approaches and promising solutions to pressing social, economic and environmental problems.

The Charles Stewart Mott Foundation

The Mott Foundation works in Central and Eastern Europe, Russia and South Africa to support efforts to assist in democratic institution building, strengthen communities, promote equitable access to resources, and ensure respect of rights and diversity.

The Ford Foundation

Ford supports efforts to put in place the basic building blocks of democracy, by exploring ways to make the process of governing more transparent, accountable and responsive. The Foundation's grantees

seek to strengthen institutions and relationships that allow people to reconcile disparate interests and make collective decisions that advance the common good.

The Knight Foundation

The Knight Foundation funds projects that can transform both communities and journalism, helping both to reach their highest potential. The Foundation believes that journalism helps a community's citizens to get the information they need to thrive in a democracy.

The Funders' Committee for Civic Participation

The Funders' Committee for Civic Participation (FCCP) is a group of more than 60 foundations that collaborate on issues of equity and historically disenfranchised and underrepresented communities. Its members support non-partisan efforts to engage voters, eliminate structural barriers to voting, advance reforms to improve government and electoral systems and inspire public involvement in civic life. Members include the Carnegie Corporation of New York and the Rockefeller Family Fund.

MCC Threshold Programs and DG Alliances

A Threshold Program Agreement is a contract between the Millennium Challenge Corporation (MCC) and a country that provides financial assistance to help improve a low score on one of MCC's policy indicators. USAID is currently the primary agency overseeing the implementation of the Threshold Program. If any of the six MCC indicators linked to Governing Justly are part of the Threshold Program, there may be an opportunity to form an alliance that would support progress toward an MCC compact. This is especially true for anti-corruption activities, since corruption is one of the most common barriers to meeting MCC requirements.

WHAT MOTIVATES THE PRIVATE

Business Challenge	Motivations
Less than optimal business environment	Desire to improve local or national business environment, including policy, law, regulations or other issues or institutions
Location-specific issues	Desire to improve local governance or other conditions where business operations are located
Imperatives of the extractives industry	Extractive companies are inextricably tied to the location of natural resources and must develop long-term relationships with local governments and institutions. Also, companies are often contractually required to undertake social investment in the communities where they work.
Preference for collective action	Issues that may be better addressed by a large number of business constituents rather than single companies; fear of reprisal or causing offense; strength in numbers
Philanthropic Goals	Desire to improve national or local conditions

SECTOR TO JOIN DG ALLIANCES?

Illustrative Companies that Have Participated in Alliances	Possible Non-Cash Contributions	Alliance Models
Microsoft, Evensen Dodge, business schools (such as ADEN Business School in Panama)	Technology, legal expertise, training	Good governance, rule of law, labor standards.
SUAL, Chevron, Colgate-Palmolive	Local knowledge, staff time, equipment, training facilities, printing services, legal expertise	Capacity building for local governments, rule of law initiatives
Chevron Angola, Lazare Kaplan, mining companies	Facilities for training, office supplies and machinery for government institutions, legal or other expertise	Capacity building for local governments, support for rule of law initiatives
American Chamber of Commerce Members, local chambers (APEDE in Panama, Business Against Corruption in South Africa), apparel companies	Aggregated economic influence, non-cash contributions on specific activities like construction, equipment, transportation, training	Sonatel Corporation Foundation (Senegal), Aga Khan Foundation (Tajikistan), Petron Foundation (Philippines)
Synergos Foundation, Ford Foundation, Knight Foundation, Soros Foundation, Mott Foundation, MTV	Local expertise and/or international best practices; neutral perspective; media exposure, legitimacy	Trafficking, rule of law, civil society

FINDING A GOOD PARTNER

Once you've considered possible models and industry sectors, there are many good ways to identify specific private sector actors. You can use the following list of questions to identify potential partners. USAID's implementing partners often know the answers to many of these questions, and you may want to work through this list with them:

1. Which private sector actors stand to lose if the governance environment deteriorates?
2. Which private sector stakeholders would particularly benefit from an improved business environment?
3. Who are the most valuable or strategic actors, whether or not they are involved in DG activities? Do any companies have their own private foundations that are dedicated to civil society issues, transparency or other related activities?
4. What foundations or other non-profits have an interest in supporting DG-related activities locally? Look to implementing partners who might have existing relationships.

"When we started to develop our DG alliances, the first thing we did was some outreach to business associations to explain our goals. We got back suggestions for strategy and tactics, but not real projects. Later we reached out to specific companies that had demonstrated an interest in Corporate Social Responsibility issues. That got results."

CARLOS BLANDÓN, USAID / PANAMA

5 Is there an existing DG alliance in the region that has been successful, is relevant to your country and could be expanded? Are there transnational issues that could benefit from a partnership?

6 What social networking technologies are popular locally, and what kind of issues generate high numbers of responses?

Other resources can help you identify private sector partners:

Chambers of Commerce and Associations can tell you which local and international businesses are particularly interested in development issues. Chambers of Commerce meetings are an easy way to reach a large audience of key stakeholders.

The **Foreign Commercial Service** at the Embassy is also a resource for excellent intelligence on companies that are active in or looking to enter the local market.

Talk to your **Regional Alliance Builder** and get his or her perspective on alliance partners and trends across your region. To find out if your region has an assigned alliance builder, go to the GDA website.

The local **Investment Promotion Agency** may also have information on companies that have considered investing but had reservations about governance or other DG issues.

WHAT PARTNERS CAN OFFER

The private sector can add value to a DG partnership in many ways. In addition to cash, consider the following types of in-kind contributions that the private sector may be able to provide:

- Positive influence on public officials
- Training and capacity-building
- Expert opinion on the ways in which DG issues affect a company's bottom line
- Physical rehabilitation of community infrastructure related to DG alliances (for example, rehabilitating courthouses or municipal buildings)
- Technology utilized for DG objectives
- Media access
- Legal expertise for rule of law partnerships
- Adopting and publicizing clear company policies on relevant issues (i.e. anti-corruption)
- Influence on public opinion (if the company is a popular and respected one)

"Municipal governments are good partners for DG alliances because they need to show that they can deliver services to their constituents. Municipal governments also have an interest in promoting employment and the well-being of citizens."

ENRIQUE VILLALBA, USAID / PARAGUAY

ISSUES TO WATCH / LESSONS LEARNED

Frequently a project that focuses on **local economic development** has been the opening point to a DG alliance, since local governments need to show constituents that they can deliver services and economic growth.

Unbundling activities into pieces that are easier for private sector partners to conceptualize and champion may encourage participation. An objective like "strengthening civil society" may sound intimidating, but discrete parts of the objective like "training judges" or "updating the commercial code" can be easier to link to a company's bottom line.

Some partner contributions can be much more valuable than cash. Things like **support for reform efforts** and **moral authority** can often change activity outcomes in a way that financial support alone could not.

The **convening authority of the Ambassador** is powerful; he or she has unique ability to bring together diverse stakeholders to discuss governance and other DG issues.

Fear of reprisal is real, but may not be a deal-breaker. Individual partners may be reluctant to participate in an alliance for fear of a backlash. In many cases, collective action is the solution.

Sometimes seeing is believing. Educating private sector partners on the value of DG partnerships can take longer than in other sectors. Because DG activities can focus on intangibles, sometimes a trip with a potential partner to witness activities at a project site can be clarifying and persuasive.

If the ramifications of improving the domestic context are not convincing to potential private sector partners, **ask companies to consider the effect of global standards and consumer groups** which may advocate for ethical sourcing, labor or environmental standards, or social responsibility.

Private sector partners have at times also needed encouragement to **expand their own definition of development impact.** While certain private sector partners in past DG alliances already perceived their social responsibility activities as leading-edge, they had not considered the full range of their business activities' impact.

Universities have played an important role, and have served as the link between the private and public sectors in some DG alliances.

Due diligence is critical. Although due diligence is important in all alliances, **in the DG arena it is especially important** to thoroughly explore all potential risks. DG alliance often involve very sensitive issues that merit extra time spent on due diligence.

Due diligence is especially important in partnerships with extractive companies. Mining companies, oil companies and other extractives can carry the potential for increased reputational risk.

Technology can be useful but can also cause unexpected obstacles. For example, if you are considering an alliance that would use mobile phone technology, remember that fragmentation of the mobile phone market makes it nearly impossible to write an application that would be functional on a majority of existing handsets.

Technology's ease of access extends to all users. Remember that governments and other stakeholders have the same access to technologies like social networking, and are becoming as sophisticated about using them as are individual citizens. Some governments may monitor voice or text communications.

"Municipal governments are good partners for DG alliances because they need to show that they can deliver services to their constituents. Municipal governments also have an interest in promoting employment and the well-being of citizens."

ENRIQUE VILLALBA, USAID / PARAGUAY

NINE WAYS TO GET STARTED

TALK WITH OTHER USAID COUNTRY TEAM MEMBERS

Some of the best partnership ideas can come from your colleagues. Mission staff involved in other sectors may already have partnerships that could involve DG issues, or they may be working with the private sector in relevant areas. Look for areas of overlap and cross-sectoral or cross-cutting issues. For example, is the mission working with companies on issues that are affected by the governance context? Does the agriculture sector require clearer dispute resolution procedures or investment regulations that would attract new alliance partners? Your colleagues may not have considered the DG aspects of their existing alliances. If appropriate, ask your colleagues to arrange an introduction to their private sector partners. They can also advise you on how they designed and manage their partnerships.

2 IDENTIFY WHAT IS NOT WORKING

An overview of social, business and economic activity in your country may reveal opportunities for a DG alliance. Are certain industries facing obstacles to investment, or other challenges like corruption, unclear property rights, difficult procurement processes, frequent protests or weak law enforcement? An informal analysis may show you that labor standards are an issue, or that some regions are facing spikes in crime. Companies pay a price for problems like these, and may be willing to join forces with USAID to address them. Think creatively about how a DG alliance could both encourage positive progress and further your Mission's objectives. and manage their partnerships.

3 MEET WITH THE PRIVATE SECTOR

One way to generate private sector interest in partnerships is to convene an open meeting. You can work with local chambers of commerce or similar organizations to organize an event, or you can offer to speak at an event that's already been scheduled. Highlights should include your mission's goals and programs, USAID's experience with private sector collaboration, and how the private sector benefits from partnership with USAID. A meeting is also the perfect opportunity to hear the private sector's perspective on DG issues and identify common interests. Visit the GDA website for PowerPoint presentations and other tools.

4 MEET WITH CIVIL SOCIETY REPRESENTATIVES

Civil society organizations (CSOs) often have deep, on-the-ground knowledge on DG issues. Do your homework to find out which CSOs are working on similar issues, and set up a meeting to discuss possible areas where their interests overlap with Agency objectives.

5 CONSIDER AN OPEN COMPETITION FOR TECHNOLOGY SOLUTIONS

If you think technology will be a component of a potential alliance, considering sponsoring an open competition for a new application, platform, or method of using existing technology as a solution to the issue you're targeting. In 2008, USAID issued the Development 2.0 Challenge, an open call for development solutions that used mobile phones, the most commonly available computing tool in the developing world. With just a $10,000 cash prize, the Agency received 115 ideas, most of which were high-impact, low-cost, and open source solutions.

6 EMBED PARTNERSHIPS INTO EXISTING PROGRAMS

Consider how a partnership could contribute to the success of your mission's core programs, especially those that are focused on economic growth or competitiveness. A potential alliance partner could expand the scope of your existing programs or could add unique resources that would deepen impact. Proposing participation in an ongoing program allows potential partners to easily see how their resources will make a difference. For a list of DG funding mechanisms, see the DG Users Guide. The ODP/PSA office has developed specific guidance on how to embed partnerships. See the link on the GDA website or contact the ODP/PSA office.

7 LEVERAGE EXISTING RELATIONSHIPS

USAID has relationships with hundreds of private sector organizations. Search the GDA database or ask the ODP/PSA office to find out if and where we've worked with a potential partner before. The ODP/PSA Team has also developed global relationships with companies such as Microsoft, Intel and Rotary International. Visit the GDA website to find out more. Not only are there existing partnership models with these global framework companies, the ODP/PSA Team can also leverage its contacts at the company to engage local affiliates in-country.

8 CONTACT THE GDA TEAM

The ODP/PSA Team at the ODP/PSA office in Washington is available to advise missions on any aspect of partnership-building or management, as are Mission-based Regional and Country Alliance Builders. The Team knows how to navigate the most common challenges including procurement, due diligence, relationship management, reporting, etc. If necessary, the ODP/PSA Team can also coordinate with your Mission's Office of Procurement or your Regional Legal Advisor to address particularly challenging situations.

9 INCLUDE ALLIANCE ACTIVITIES IN SOLICITATIONS

As you design RFP's and other solicitations for your mission's projects, include alliance activities that complement key objectives. Implementing partners are often great alliance resources, both for identifying partners as well as managing partnership implementation. The General Counsel's office has developed specific language for including alliance building in RFPs and RFAs, which is available on the GDA website.

ADDITIONAL IDEAS & RESOURCES

KEY DEMOCRACY AND GOVERNANCE ALLIANCE PARTNERS

Microsoft's Partnerships for Technology Access helps governments achieve policy objectives through public-private partnerships that deliver technology solutions to underserved communities and students.

Evensen Dodge International provides advice to governmental and public-private alliance clients on matters related to their capital financing and financial management needs.

OTHER DONORS AND ORGANIZATIONS

For additional inspiration, take a look at what other donors and organizations are doing in DG alliances and projects. Links to all resources listed below, and many more, are available on the GDA website.

The **Extractive Industry Transparency Initiative** (EITI) sets a global standard for transparency in oil, gas and mining. A coalition of governments, companies, and civil society, EITI is an effort to make natural resources benefit all.

The law firm of DLA Piper established **New Perimeter**, a non-profit affiliate that provides pro bono legal support for projects of global concern. Through New Perimeter, lawyers provide assistance on projects addressing issues like health care, hunger, economic development, law reform and human rights.

In Africa, the **Mo Ibrahim Foundation** focuses on good governance across sub-Saharan Africa and the world, provides objective criteria by which citizens can hold their governments to account, and recognizes achievement in African leadership.

The **International Budget Partnership** (see page 12 of this guide) collaborates with civil society organizations in developing countries to analyze, monitor, and influence government budget processes, institutions, and outcomes.

The **United Nations Global Compact** is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

The **Global Fund to Fight AIDS, Tuberculosis and Malaria** is an international financing institution that makes investments to combat disease. In 2009, the Global Fund partnered with Standard Bank to improve the financial management skills and reporting capabilities of its grant recipients.

REPORTS AND RESEARCH RELATED TO DG PARTNERSHIPS

All links available on the GDA website.

Report: Partnering to Strengthen Public Governance: The Leadership Challenge for CEOs and Boards (World Economic Forum, 2008)

Report: Doing Business with the World: the New Role of Corporate Leadership in Global Development. Includes a chapter on governance. (World Business Council for Sustainable Development, 2007)

Report: A Responsibility for Government – How Far Should Companies Go?, in Whose Responsibility? The Role of Business in Delivering Social and Economic Change, Jane Nelson, author; Amanda Jordan and Amy Lunt, editors. (Smith Institute, 2006)

Report: Eliminating World Poverty: Making Governance Work for the Poor (DFID, 2006)

Report: Business Against Corruption: A Framework for Action Implementation of the 10th UN Global Compact Principle Against Corruption (UN Global Compact and others, 2005)

Report: Business Against Corruption: Case Stories and Examples (UN Global Compact, 2006)

Report: State Building and Global Development (Center for Global Development, 2006)

Report: Improving Technology Utilization in Electronic Government around the World, 2008 (Brookings Institution, 2008)

Report: Social Networking and Governance for Sustainable Development (International Institute for Sustainable Development, 2009)

Website: "Mobiles in-a-box: Tools and Tactics for Mobile Advocacy" Tactical Technology Collective.

Website: Harvard University's Program on Networked Governance

CASE STUDIES

Mining Company Promotes Civic Involvement	
Project:	SUAL Urban Development Alliance, Russia
Objective:	To create more transparent, responsive and accountable municipal governments that would be financially sustainable and independent, and to improve the quality of life in towns in which the Siberian-Urals Aluminum Company (SUAL), one of Russia's largest companies, is the main industrial presence.
Partners:	USAID, SUAL, Colgate-Palmolive, New Eurasia Foundation, Charles Stewart Mott Foundation
How the alliance works:	The SUAL corporate group includes more than 20 companies that operate across nine regions in Russia and Ukraine. In many locations, the company faced extremely high expectations for community involvement, a legacy of the Soviet era when state-owned companies acted as agents of the state and delivered services like education, infrastructure and healthcare. To optimize their community investments, SUAL developed a unique partnering mechanism: a "Social Partnership Agreement" signed between local SUAL plants and local governments that outlined how each would contribute to meeting local community development needs. The alliance also strove to increase civic involvement in all aspects of community life. Programs included improving municipal planning and voter registration, modernizing healthcare clinics, and funding educational initiatives. The trial period proved so successful in three of SUAL's major towns that the company planned to expand the program to all regions in which it operates.
Partners' Contributions:	SUAL: Strong background in community development, local knowledge. Colgate-Palmolive: Personal / household products New Eurasia Foundation: Communications coordination Mott Foundation: Financing USAID: Financing, coordination among stakeholders, technical lessons learned from other programs.
Lessons Learned:	No matter the root cause, less support from the federal government places more responsibility on local governments, who often lack the resources to provide their citizens with adequate social infrastructure. Local governments may turn to local industry for financial help to fund municipal services, but when community members are excluded from the decision-making process, the projects are not as effective as they could be.

Multiple Stakeholders Collaborate to Improve Labor Conditions	
Project:	Continuous Improvement in the Central American Workplace (CIMCAW)
Objective:	Bring together government, unions and the private sector around the issue of labor standards in the textile and garment sector in Guatemala, El Salvador, Honduras, Nicaragua and the Dominican Republic.
Partners:	USAID, national governments, local industry associations, local and international NGOs such as Social Accountability International (SAI), worker unions including the International Textile Garment and Leather Workers' Federation (ITGLWF), Gap Inc., Wal-Mart, Limited Brands, Timberland, Development Alternatives Inc. (DAI).
How the alliance works:	The alliance focused initially on improving dialogue among the stakeholders, seeking to overcome a history of antagonistic interactions that had made previous attempts at collaboration impossible. Much time and effort was spent in establishing and building trust within national-level tripartite (government, union, private sector) consultative committees. Later, these committees worked with NGOs to develop a tailored training program that responded to the needs and context of each country. The committees and brand partners encouraged the often skeptical local factories to participate in CIMCAW's unique model of labor rights training. Subsequently, factories were encouraged to participate in follow up technical assistance aimed at addressing gaps in compliance.
Partners' Contributions:	Unions: Representatives' time, convening members. Garment companies: HQ / local staff time, access to factories and networks. NGOs (local / international): Training approaches & materials reflecting global best practices, local networks, knowledge of local context. Local Industry Associations / Factories: Representatives' time, convening members. (Factories paid for workers' and managers' time spent in training.) USAID: Convening power and moral authority to secure high level meetings with the government and private sector.
Lessons Learned:	Stakeholders were motivated to move through the difficult issues inherent in building the alliance because the project stressed the common interest of all actors: the survival of the industry in the region. An important benefit of the CIMCAW multi-stakeholder Alliance was that it created positive spin-off effects. Business partners noted that the Alliance created on-the-ground effects not only through its work, but also through its presence as a model for PPPs in countries that do not have a rich history of multi-stakeholder collaboration. By bringing businesses, NGOs, unions and industry associations together for the first time, the Alliance catalyzed a multi-stakeholder dialogue that did not previously exist, and made a crucial contribution to the region's sustainable development. Partners felt that these achievements would not have been possible in the absence of this multi-stakeholder alliance. CIMCAW's Consultative Committees represent a significant contribution of the project to the region. Through the Consultative Committees CIMCAW was able to convene historically antagonistic actors regularly to discuss concrete issues related to project implementation, create an enabling environment for capacity building at the factory level, and strengthen the culture of compliance.

After the 2004 tsunami, we were facing a huge influx of new local politicians who were replacing those that had died. But just because somebody became a village chief didn't mean they had skills to protect women or vulnerable groups, or to handle community finances transparently. Our DG alliance empowered new local leaders to be more assertive, more inclusive, more democratic. To be good stewards for their communities. It was a great match for our corporate partners, who wanted good community relations and a transparent process for delivering community development funds.

Michael Bäk, USAID / INDONESIA

"In any DG alliance, addressing social inclusion is an important issue that will help the project's sustainability. "

– ENRIQUE VILLALBA, USAID / PARAGUAY

U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: (202) 712-0000
Fax: (202) 216-3524
www.usaid.gov