

PUBLIC-PRIVATE ALLIANCES AFRICA BUREAU GUIDELINES

I. Background

The Africa Bureau has reserved \$30 million in FY 2002 resources to fund public-private alliances. These Africa alliances are separate and distinct from those that will be funded through the Global Development Alliance (GDA) Incentive Fund, for which \$20 million has been reserved in FY 2002. Although the Bureau may consider contributing additional resources to broader alliances funded through the GDA Incentive Fund to enhance the benefits to Africa, it is expected that the bulk of the Africa Bureau public-private alliance funding will be committed to alliances in which Africa bilateral or regional missions become “partners” with private sector entities, including companies, universities and non-governmental organizations (NGOs), or to sub-regional alliances in which AFR/Washington technical units partner with private sector entities.

It is anticipated that there will be more alliance possibilities in Africa than can be funded with the \$30 million from FY 02 resources. Therefore, the following guidelines are to be used in evaluating which alliance proposals the Bureau will fund this FY. It is to be noted that the Africa Bureau has not specifically identified any separate funding for alliances in FY 03, but expects alliances to be funded by the Missions and other Operating Units.

II. Operational Definitions (for purposes of Africa’s Alliance program)

Alliance A partnership which brings together a USAID Operating Unit (OU) with private sector organizations for a common purpose. Private sector organizations include private businesses, universities, foundations, associations, advocacy groups and U.S., international or host country NGOs and private voluntary organizations (PVOs).

Partnership Partnership implies that each of the parties to the alliance brings new resources to accomplish the purpose. An arrangement where a private organization receives a grant or contract with USAID for an activity where all the resources come from USAID is not an alliance. There is no pre-determined minimum or maximum of partners. The OU should make efforts to bring in the full range of possible partners. However, the alliance should not be so cumbersome that planning and implementation become overly complex. Responsibilities of the partners must be clearly defined for an alliance to be effective. Each of the partners, including USAID, should bring “value added” to the alliance.

III. Criteria for Selection

Purpose Africa alliances must fit within the strategic parameters of the partnering USAID Operating Unit. Alliances in sectors or areas where the USAID partner OU has no strategic interest will not be considered for funding. Alliances must first and foremost further the development goals of the Agency.

“New” versus “Old” Alliances Preference will be given to “new” alliances rather than alliances that essentially repackage existing relationships. The Africa Bureau will use the same definition as that of the GDA Secretariat, i.e., alliances that were formed after October, 1999 (FY 2000) are considered “new.” However, the Africa Bureau recognizes that new alliances may take time and effort to put together. In this light, up to 10% of the available Africa Bureau funds may be used to “seed” promising alliances that need further nurturing this Fiscal Year before they are at a point where a formal alliance can be created in FY 2003. Alliance “seed” funding could be used to cover costs, such as technical assistance, that are required to bring a promising alliance to the point where it becomes viable. However, as noted above, the Bureau has at this point not set aside any additional resources for public-private alliances in FY 2003. It is expected that funding for such alliances after this FY will come from resources allocated to the OU as part of its OYB. Therefore, for alliance “seed” funding, OUs must assure themselves that any additional funding can be made available from their own resources.

Sectors Consideration for funding will be given to Africa alliances in sectors where USAID has an interest. Agency program funds are tightly controlled by sector and directive area. Therefore, initial FY 02 funding reserves for alliance activities were set aside in four key priority areas: agriculture (\$10.8 million); growth and trade (\$8.4 million); basic education (\$5.8 million); and environment (\$5.0 million). While the Bureau encourages partnership innovation across all sectors, including those funded through the Child Survival and Health (CHS) account, FY 02 CHS account funds were fully allocated in the OYB setting process to ensure that all Congressional earmarks and directives were met. Therefore, only activities funded under the four priority reserve areas can be considered for supplemental core alliance funding this FY.

Support to Bureau Initiatives Operating Units are particularly encouraged to develop alliance proposals that enhance the special initiatives the Africa Bureau is undertaking. These include the TRADE initiative, the education initiative, the agriculture initiative and the anti-corruption initiative.

Role of Partners Alliances must clearly establish how the interests and objectives of each party converge. The coordination and management of the partners’ inputs require negotiation of the respective roles and resource contributions of each party. OUs are encouraged to refer to the attached draft of the GDA Secretariat on “Building Alliances” for guidance on creating mechanisms that more precisely define the roles and responsibilities of the partners. USAID alliances in Africa will require a substantial commitment of resources from each of the partners. The commitment can be financial, in-kind or technical resources. There is no predetermined match but the greater the leveraging of USAID resources the better. At a minimum, in cases where the OU is partnering with local organizations in a host country, the contribution of the non-USAID partners should be not less than 25% of the value of the alliance. In the case of alliances consisting of private businesses, U.S. based foundations and U.S. PVOs and NGOs, USAID’s contribution should be less than the sum total of the partners, i.e. a leveraging of at least 1:1. The Africa Bureau will not provide funding until it is clear what resources

each partner will be contributing to the alliance. The overall principle in structuring alliances is that the role of each of the partners, including USAID, is essential to making the alliance work. USAID could be the catalyst that makes the alliance function. USAID could provide the “missing link” that brings the alliance together. As such, USAID’s contribution, monetary or technical, will vary according to the circumstances.

Eligible Sponsors Consideration for Africa Bureau funding will be given only to alliance proposals submitted by OUs of USAID. Although the “lead” organization in an alliance proposal may be a private sector entity, it must be endorsed and submitted by an OU. The Africa Bureau will then make allowances to the partner OU of an approved alliance.

Statutory Considerations Since USAID’s financial contribution to an alliance will be authorized pursuant to the Foreign Assistance Act of 1961, as amended, alliance activities must be eligible for assistance under that act, in terms of eligible countries (i.e. not be subject to restrictions such as Brooke or military coup, unless an exception is approved and types of activities (i.e. not involve activities such as abortions, the military or police).

Legal and Ethical Concerns Particularly in the case of alliances involving a for-profit entity, the Agency must be sensitive to the perception that public funds may be construed as enhancing an organization’s profits. In such cases, efforts should be made by the USAID OU proposing an alliance to seek out a variety of potential partners. In addition, OUs should assure themselves that the partnering entities generally subscribe to acceptable ethical standards. This is further discussed in the paragraph on due diligence. OUs are encouraged to communicate early on with their Regional Legal Advisors on legal and ethical issues.

Competition Issues This process is intended to enable decisions regarding allocation of funding among USAID OUs and is not intended to satisfy the competition requirements for grants or cooperative agreements. It will be the responsibility of the OU partner to address any applicable competition requirements (waivers, competition, exceptions to competition such as follow-on or PIO grants, etc.). OUs should communicate with their Regional Contract Officers regarding competition issues.

Minimum Threshold The Africa Bureau intends to allow \$30 million to Operating Units for eligible alliances this FY. Funds may be allowed to field missions, AID/W Operating Units (e.g. AFR/SD), or may be allowed to OUs outside the Africa Bureau in support of trans-regional alliances or other “high profile” alliances that support the Africa region. No predetermined “mix” has been established by the Bureau. However, to reduce the number of transactions required to program the available funding, the minimum USAID contribution per alliance will be \$300,000. Nonetheless, there will be no floor for proposals to “seed” an alliance with this year’s funds.

IV. Further Guidance on Structuring Proposals

Structure of Alliances There are a number of possible approaches to structuring an alliance. These include various methods of pooling resources and parallel financing.

Please refer to the attached information from the GDA Secretariat on “Building Alliances” to provide you with some ideas on the varying ways they can be structured. Participating partners are encouraged, however, to use simple mechanisms in order to facilitate the obligation of funds.

Assistance in Structuring Alliances The GDA Secretariat has put in place a mechanism with Management Systems International (MSI) to provide assistance to Missions and Washington Offices contemplating alliances. In addition, there is a limited amount of technical assistance available directly from the GDA Secretariat to help in structuring alliances. Request for assistance from MSI or the Secretariat should be routed through AFR/DP.

Due Diligence Particularly in structuring alliances with private profit making enterprises, before formally entering into the alliance the USAID OU partner must satisfy itself that its proposed private sector partner(s) meet reasonable standards of corporate image, social responsibility, environmental accountability and financial soundness. There may also be reason to conduct a due diligence investigation with an NGO where appropriate. This kind of due diligence analysis is not something most USAID OUs are accustomed to doing. The GDA Secretariat can assist OUs in investigating firms and advising on due diligence procedures and has pulled together various resources to expedite this process.

Human Resource Issues USAID Operating Units must be cognizant of the human resource requirements necessary for it to play its role in the proposed partnership. Alliances should not be undertaken unless the OU is prepared to invest the required staff time and effort to assure that USAID’s commitment to the partnership can be maintained. The USAID management of the alliance will be the responsibility of the OU.

V. Format for Submission of Alliance Proposals

All proposals for Africa Bureau alliance funding must be submitted to AFR/DP by COB Friday, March 29, 2002. Proposals should not exceed five pages of text plus an Annex, which may provide other pertinent information on the partners. Hard copies of proposals should be submitted to AFR/DP, Stephen Giddings, or proposals may be E-mailed to: sgiddings@usaid.gov

Suggested format:

- I. Purpose of the alliance.
- II. Partners in the alliance.
- III. Expected accomplishments of the alliance and who brings what to the alliance.
- IV. Contribution of the alliance to furthering USAID and Africa Bureau development goals, including Africa Bureau initiatives, if applicable.
- V. Structure of the alliance and roles and responsibilities of the partners, including role of USAID.

- VI. Sources and uses of funds and other resources, including financial, in-kind and technical, of the partners. Africa Bureau funding requested to contribute to the alliance.
- VII. Brief discussion of any possible ethical or due diligence issues.
- VIII. Stage of development of the alliance and time frame for initiation of activities.
- IX. Proposed method of obligating USAID resources and date by which funds will be obligated. Include information on how USAID competition requirements will be addressed.

“Seed” Funding Please indicate at the beginning of the proposal whether the OU is requesting funding at this time only to “seed” a promising alliance. In this case, the OU should provide assurances that future USAID funding can be covered from the OU’s OYB.

VI. Africa Bureau Review of Proposals

Africa alliance proposals will be reviewed by a committee consisting of AFR/DP, AFR/SD and a representative of the GDA Secretariat and recommendations for final approval will be forwarded to the AA/Africa for action. During the review process, the committee may require clarification of certain information and will do so through the USAID OU partner in the alliance proposal. In addition, if there are important outstanding issues which may have to be clarified (such as due diligence questions) at the time alliance proposals are due, the Africa Bureau may give a tentative approval to an alliance proposal but final approval will depend on a successful resolution of the issues. Final decisions on funding for alliance proposals will be made in time for OUs to obligate funds prior to the end of the FY.

VII. Further References

OUs preparing alliance proposals are encouraged to visit the Global Development Alliance portions of the USAID website (inside.usaid.gov/GDA). The website contains information about the GDA and includes specific examples of alliance ideas that are in progress. Very shortly the GDA will be issuing its own guidance on “Building Alliances” which will be distributed throughout the Agency. This guidance will also address acquisition and assistance issues as they relate to alliances.

Please address any questions to Steve Giddings, AFR/DP/POSE

Afr.pub/afr.dp.pub/dppse/Files/Alliances/alliance guidelines
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