Opening the meeting, William S. Reese, ACVFA Chair, remarked that the initiatives of the past year and a half represent potentially the largest amount of new investment in foreign aid in many years. This ACVFA meeting is an opportunity to discuss what the development community can do to ensure that these new initiatives reduce poverty in measurable and visible ways.

INTRODUCTION: ANDREW S. NATSIOS, USAID ADMINISTRATOR

Mr. Natsios remarked that, with the announcement of the Millennium Challenge Account (MCA) earlier this year, the President changed the debate on foreign assistance. The United States has been trying for 20 years to help the world’s poorest countries but only one, Botswana, has graduated from their ranks. This means that something is wrong with the system. The MCA changes the paradigm. The MCA will reward countries that are making a genuine effort to stimulate economic growth, reform their political systems, eliminate corruption, and respect human rights. It will support reformers and be an incentive for governments to make reforms.

There are links between the World Summit on Sustainable Development (WSSD) and the Doha trade discussions and the goals of the MCA. The President believes that an open trading system is a factor in reducing poverty. The middle income countries of today reached their current status through trade and investment. USAID is a leader in helping developing countries build their capacity to participate in global trade.

Mr. Natsios described five partnership initiatives that were announced at the WSSD:

1. Initiative to Cut Hunger in Africa
2. Congo Basin Forest Partnership
3. Clean Energy Initiative
4. Water for the Poor Initiative
5. Support for the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria

The partnership strategy reflected in those initiatives underpins USAID’s Global Development Alliance (GDA) pillar, which seeks to leverage private resources for development. Eighty percent of the money going to the developing world today comes from the private sector.

Mr. Natsios introduced the keynote speaker, The Honorable Jim Kolbe, Chairman of the House Foreign Operations Subcommittee. He noted that Representative Kolbe has three major interests: trade, HIV/AIDS, and internal management systems.
Mr. Kolbe’s speech focused on broad policy challenges, lessons learned about development assistance, and the importance of development assistance to U.S. foreign policy objectives. Since the devastation of September 11, 2001, security has overshadowed other priorities. It is important to work together to make sure that the President’s proposed MCA does not become one of the victims of the war on terrorism.

Mr. Kolbe remarked that globalization offers great promise for some countries, but for the rest there is a growing divide. As defined by Mr. Kolbe, globalization is the increasing integration of the world brought about through expanding international flows of trade, investment, labor, capital, knowledge, information, and technology. The benefits of globalization, if sustained, can help achieve development and foreign policy objectives. Calling the vote for the Trade Promotion Authority (TPA) the most important development assistance vote in the last 10 years, Mr. Kolbe described the TPA as a “tool to shape the challenge of globalization.” Most development assistance investments will fall short of their objectives unless there are economic and political systems in place to sustain them.

Mr. Kolbe reported that the Subcommittee on Foreign Operations operated in a truly bipartisan way in the 107th Congress. He and ranking member Nita Lowey (D-NY) were able to report appropriations bills that had broad bipartisan support. While the 2003 appropriations process is temporarily stalled, there is some certainty that the foreign assistance levels will not be reduced.

Mr. Kolbe shared some lessons to improve development assistance:

1. **It is not the quantity of foreign assistance that is important.** No real link has been found between economic growth and levels of Official Development Assistance (ODA).

2. **It’s all about economic growth.** Countries that have embraced democracy, capitalism and participation in the global trading system have experienced the highest economic growth and generated a higher quality of life for their citizens.

3. **Good governance matters.** Free markets and trade alone are not enough.

4. **There is a need to remain focused.** Development assistance today attempts to “do everything” and places too many bureaucratic requirements on the recipients.

Foreign assistance is an integral part of overall U.S. foreign and national security policy. It is time to move beyond the debate on the quantity of foreign assistance and focus on economic growth and helping countries maximize the benefits of participating in the global economy.

Mr. Kolbe made the following recommendations for development assistance:

- Make sure that the expectations and definitions of success are aligned with past experience in development assistance.
- The U.S. must generate a development policy that is more holistic in its outlook and elevates trade and economic growth as priorities.

Mr. Kolbe offered the following suggestions for the MCA:

- MCA awardee countries could be given special consideration for expedited bilateral trade preferences or for a free trade agreement with the United States.
- The MCA should support the countries’ own development strategies, but funds should be withdrawn if eligibility criteria are not maintained or results are not achieved.
- The MCA should aim to build and reinforce governments’ capacity to manage their own development.
• The MCA delivery system should minimize the administrative bureaucracy and bureaucratic requirements.
• The MCA should complement current assistance efforts, but should focus on economic growth and self-sufficiency.
• Development and economic opportunities should be extended to those currently outside the formal economy.

Mr. Kolbe offered some potentially controversial considerations for the FY2004 budget process:

1. Consider a one year time-out in further increases in infectious disease funding to assess the ability of USAID, private partners, and the Global Fund to effectively manage and coordinate the recent funding increases.
2. Consider downgrading the role of the multilateral development banks and the United Nations agencies (other than the Global Fund and the UN food programs) for the next few years as the Global Fund and the MCA are implemented.
3. Consider not renewing support for the Asian and African Development Banks unless they agree to provide 25% of their funding in the form of grants.

DISCUSSION

Q. A participant commented that labor and environmental standards are essential to economic growth. R. Labor and environmental standards are important, but should not be imposed from the outside. Countries need to be able to provide basic health care, education, and food first.

Q. What is the strategy for aligning the MCA with development objectives, particularly agricultural development?
R. Much of what is being done in agriculture addresses the microeconomic structure for development, including transportation, education, and health.

Mr. Macray shared some insights for NGOs interested in alliances:

1. Demonstrate a specific need and find corporate partners that are a natural fit.
2. Be clear about objectives; link the project to the company’s business goals.
3. Involve farmers in project design.
4. Get it right and document successes before sharing it broadly.
5. Small, nimble organizations can often do more for a company than large NGOs.
Some roles for USAID in alliances include brokering relations, facilitating meetings, using corporations for their expertise, and working with partners to design efficient and effective programs. Noting that companies are limited in what they can do, Mr. Macray urged the U.S. government to regain leadership in environmental conservation.

PETER BURBRIDGE, SENIOR ADVISOR, BP

The BP alliance in Tangguh, Indonesia, attempts to fit an energy development program into a fragile society while making sure that the development is a force for good. BP has engaged in a dialogue with a wide variety of organizations to create an approach that is both efficient as a source of energy development and culturally appropriate.

BP developed a “diversified growth strategy” designed to use natural gas as a catalyst for long-term economic growth. A percentage of the revenue from the sale of the gas will go back to the province to be used as public capital for investment in locally defined programs. The GDA has provided a timely opportunity for the public and private sectors to work together for good development. Through the alliance, BP harnesses the knowledge, wisdom, experience, and technical abilities of USAID, working in concert with NGO partners, to strengthen capacity in governance, fiscal management, spatial planning, and other components of wise regional development.

GLENN PRICKETT, SENIOR VICE PRESIDENT, CENTER FOR ENVIRONMENTAL LEADERSHIP IN BUSINESS AND VICE PRESIDENT, CONSERVATION INTERNATIONAL

CI recognized early on that most biodiverse areas are concentrated in countries with great poverty, where economic development is a priority. Thus, CI promotes conservation solutions that also promote economic development. Its leading partners have been BP and Starbucks.

CI created the Center for Environmental Leadership in Business to engage the private sector in creating conservation solutions. The Energy and Biodiversity Initiative (EBI) was designed to integrate biodiversity into the oil and gas industry. EBI will soon release a primer for other companies on why conservation makes business sense and how they can act responsibly.

Mr. Prickett encouraged NGOs to heed lessons learned by CI: recognize that partnerships are difficult and may give rise to criticism from other NGOs. Most important, NGOs must be ready to be scrutinized by the business community and held to agreements to deliver concrete results.

USAID can facilitate these relationships and provide crucial strategic early funding. Public money for biodiversity conservation will always be needed and must be preserved.

Q. Please comment on the fact that coffee is cultivated under heavy pesticide use, which can pose residual health risks and local environmental risks. R. One of the key contributions of the partnership with CI was the development of sourcing guidelines with incentives for suppliers to use less chemicals and pesticides, as well as a premium for switching to organic farming.

Q. Are companies concerned about getting “too close” to the government in these partnerships, particularly in Indonesia? R. This was not a concern for BP. The challenge was great and the company looked to USAID as a resource to help achieve objectives.

“The GDA has provided a timely opportunity for the public and private sectors to work together for good development.”

DISCUSSION

“BEYOND JOHANNESBURG: IMPLEMENTING THE WSSD INITIATIVES”

MODERATOR: JANE PRATT, ACVFA MEMBER, PAST PRESIDENT AND CEO, THE MOUNTAIN INSTITUTE

The Mountain Agenda, started at the Earth Summit in 1992, has been called one of the salient achievements of the post Earth Summit process, most remarkably for the partnerships that have developed. The emergence of partnerships as a theme at Johannesburg was noteworthy.
JONATHAN MARGOLIS, DIRECTOR, OFFICE OF POLICY COORDINATION AND INITIATIVES, BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Dr. Margolis made three observations about the outcomes of the WSSD:

1. WSSD reaffirmed the central concepts put forward at other meetings, including the importance of good governance, sound financial policies, and investing in people.
2. WSSD produced a strong plan of action, agreed to by consensus, that outlines key steps in all major sectors of sustainable development.
3. WSSD focused on building partnerships for action.

Three important implications for implementation stand out:

1. Within the U.S. government there must be a team approach, better coordination of outreach, and greater involvement of the private sector, NGOs, and others in partnerships.
2. The U.S. government must work with other countries as true partners.
3. The multilateral system must step up to the challenge of engaging civil society.

E. ANNE PETERSON, ASSISTANT ADMINISTRATOR, BUREAU FOR GLOBAL HEALTH, USAID

Dr. Peterson brought to the WSSD the messages that good health promotes good development, and partnerships are an important tool for working on this. Major diseases cannot be conquered without partnerships. The business sector has stepped forward to fight disease in new ways.

The U.S. team went to WSSD with some set deliverables focused on the role of health in sustainable development. The team concentrated on HIV/AIDS, tuberculosis, and malaria, working from the President’s commitment to the Global Fund, his recent initiative on mother to child transmission, and the significant increase in funding for bilateral health programs.

TWIG JOHNSON, DIRECTOR, SCIENCE AND TECHNOLOGY FOR SUSTAINABILITY, POLICY AND GLOBAL AFFAIRS DIVISION, THE NATIONAL ACADEMIES

Dr. Johnson remarked that the WSSD was an “everything” summit and that is really what is needed today. The development community must look beyond sector objectives in order to achieve development objectives. The U.S. needs to regain its leading edge capacity in science and technology in order to advocate policy changes. The U.S. foreign assistance program is the best in the world, but is almost invisible to the U.S. public.

There is a need to examine the history of ODA investments. Development is now a national security issue, and many high-level government officials are committed to making development work more effectively.

GRiffin THOMPSON, ENERGY TEAM LEADER, OFFICE OF ENERGY AND INFORMATION TECHNOLOGY, BUREAU FOR ECONOMIC GROWTH, AGRICULTURE, AND TRADE, USAID

The WSSD underscored the recognition that energy is central to development. The U.S. government announced a partnership covering multiple dimensions of energy development. Entitled the “The Clean Energy Initiative: Powering Sustainable Development from Village to Metropolis,” it has three components, each led by a different U.S. agency - USAID, the Department of Energy, and the Environmental Protection Agency, respectively.

2. Energy efficiency and technologies designed to maximize efficiency.
3. Healthy homes and communities — examines health dimensions of energy.
Q. Dr. Pratt asked the panelists to reflect on increased cross-sectoral, interagency, and NGO collaboration as a result of the WSSD. R. Each of the panelists noted an increase in intra-agency and inter-agency collaboration, as well as in outreach to NGOs and others.

Q. Was the plethora of issues addressed at the Summit a help or a hindrance? R. This was seen by some as a weakness and made the process difficult, but it forced all actors to forge linkages for implementation.

Q. How can cross-sectoral work be promoted more systematically within USAID? R. This is happening already in the HIV/AIDS arena, and setting aside funds for partnerships can help. Encouragement from USAID Mission Directors also has an effect.

Q. Was there an emphasis at the WSSD on slowing population growth to promote sustainable development? R. Some population issues, while not discussed much, were included in the larger sustainable development discussions.

Dr. Peterson noted that the Global Fund is a financing mechanism, not an implementation mechanism, which will not be successful without robust bilateral programs and the commitment of governments to implement those programs. The United States has strong bilateral HIV/AIDS programs, which have expanded from 17 to 23 countries. There have been increases in field staff, expanded monitoring and evaluation, and expansion to some efforts in treatment and care. USAID will soon start some demonstration projects with anti-retroviral (ARV) treatment and will also be working in partnership with the Department of Health and Human Services on the President’s international mother and child initiative, aimed at reducing HIV/AIDS in infants born to infected mothers. USAID has reached out to partners, including community and faith-based organizations and businesses, to maximize impact. The media is another vital, though sometimes challenging, partner in the fight against HIV/AIDS.

The Global Fund must be viewed against the estimated $7-10 billion that will be needed to fight HIV/AIDS worldwide. That represents total resources needed from all countries, and through bilateral programs as well as the Global Fund. The U.S. government is contributing $1.1 to $1.2 billion per year for international HIV/AIDS efforts, and is working very hard to make the Global Fund a success. The Fund is designed to be fast and flexible. In sum, it is a new entity, it has worked quickly; it is going to take a lot of hard work to make it succeed; and it is an incredible opportunity to leverage new resources to fight the pandemic.

Q. Could funding for bilateral health programs be undermined by the Global Fund or the MCA? R. The Global Fund is supposed to be complementary to bilateral programs. The U.S. is the only country that has increased its funding to the Global Fund and increased bilateral funding for HIV/AIDS. There is a need for both.

Q. What is being done to head off disaster in countries such as India and China? R. Four of the five countries considered to be the next wave, including China and India, are USAID priority countries in which USAID recently doubled funding for HIV/AIDS. Given China’s size, the most important contribution there may be to demonstrate the tools that have been used elsewhere and how they might be adapted.

Q. How will the Global Fund set standards for successful coordination and implementation? R. One accomplishment of the Global Fund is that many countries now have a national plan to deal with HIV/AIDS. The requirement for a Country Coordinating Mechanism has brought about many new partnerships.

Q. How will accountability, monitoring, and evaluation be addressed in the field? R. There has been some consensus
on overall indicators for the Global Fund, and countries will have to show some progress after two years. The board is looking at the need to strengthen the monitoring and evaluation requirements for proposals.

Q. How and when will funds be disbursed? R. Four countries will soon receive checks that will be disbursed from the World Bank to a local fiduciary agent. Then participating groups will negotiate for shares of the funds.

REPORTS FROM BREAKOUT GROUPS

GROUP 1: GDA: HOW CAN NGOs FURTHER STIMULATE AND PARTICIPATE IN PUBLIC-PRIVATE ALLIANCES?

• The risks of public/private partnerships can be mitigated by doing one’s homework, including understanding the goals and objectives of the partner organization.
• NGOs contemplating involvement in partnerships must give serious consideration to the question: “Why not do this if it will relieve suffering?”
• NGOs must be able to deliver the results they promise.
• Consistency between an NGO’s field staff and headquarters is essential.
• Small NGOs can be just as attractive to corporate partners as large NGOs.

GROUP 2: WSSD: WHAT DO USAID AND NGOS NEED TO DO TO MEET THE COMMITMENTS MADE IN JOHANNESBURG?

• U.S.-based NGOs/PVOs need to work together more.
• There is a lot of work to do in the United States in the area of constituency building.
• The State Department and USAID should communicate the WSSD objectives widely.
• NGOs/PVOs need to be involved early in program planning and development.
• USAID needs to get the word out about these projects, through websites, meeting announcements, and in-country briefings.
• The WSSD, MCA, and traditional development funding should be looked at as one package. There is a need to get a good, solid position from U.S. policymakers.

GROUP 3: THE GLOBAL FUND TO FIGHT HIV/AIDS, TUBERCULOSIS AND MALARIA

• There are institutional development tools used in other sectors that could be applicable in building partnerships across sectors.
• Too much money, if not properly managed, could undermine local capacity.
• There is a strong role for USAID and CDC in terms of accountability.
• HIV/AIDS must be viewed within the context of broader development issues, but the Global Fund must have a strong focus initially.
• It is important to build local NGOs’ capacity to join in country coordinating mechanisms.
• Information on both successes and failures should be shared via the internet.
• The Global Fund should provide clear budget templates and guidance on regional proposals.
• The fund should aim to strengthen local capacity and leverage increased commitment from local governments.

This summary of the ACVFA public meeting has been prepared and distributed by the USAID Office of Private and Voluntary Cooperation in the Bureau for Democracy, Conflict, and Humanitarian Assistance. The full report is available from ACVFA Program Assistant, 1331 H Street, N.W., Suite 200, Washington, D.C. 20005-4706 or e-mail: pvcsupport@datexinc.com or online at www.usaid.gov/hum_response/pvc/acvfadir.html.