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**Evaluating Global Development Alliances:
An Analysis of USAID's Public-Private
Partnerships for Development**

A SYNOPSIS

OVERVIEW

The Evaluating Global Development Alliances report is a result of the growing importance of the private sector’s contribution to the social and economic growth of emerging markets, and the need to understand the full value and impact of the U.S. Agency for International Development’s (USAID) public-private partnership model for development – Global Development Alliances (GDA).

In order to provide this assessment, USAID’s GDA office commissioned a team of evaluators¹ to review its public-private alliances created to date, provide a framework of analysis to evaluate the models effectiveness, and propose next steps for advancing the model. The following serves as a brief synopsis of the full report of findings.² To inform this review, the Team³ conducted in-depth interviews with more than 100 representatives from businesses, USAID, and implementing partners from around the world;⁴ conducted a web-based survey disseminated to more than 7,000 GDA points of contact to solicit anonymous feedback; and reviewed case studies and other partnership documentation.

The most prominent finding is that interest and support for the GDA model of public-private partnership is widespread and increasing among all types of partners. Business partners value USAID’s matching funds, local knowledge, development expertise, networks, and the credibility available through these alliances. USAID staff and other development practitioners appreciate the resources and long-term sustainability that businesses, foundations, non-government organizations (NGOs), universities, and other private sector partners lend to development programming.

However, as the partnership model continues to grow and evolve, many alliance participants are beginning to look for more and different things from the GDA office in the future. All partners want to improve learning and share lessons with others, including clear communication about what a GDA is, how to do them, and results to date. Looking to the future, it is important that USAID’s alliance builders develop clear priorities for resource allocation in terms of money, time, energy, technical expertise and program commitments.

1 Henceforth referenced as “Team”.

2 The full report delivered in May 2008 is accessible at www.usaid.gov/gda.

3 The team was assembled by DAI and led by Tom Dewar.

Synopsis prepared by Karen Kaplan of DAI and the GDA office.

4 Implementing partners, with whom USAID has contracts and/or grants.

METHODOLOGY

This report is a result of a three-pronged approach of evaluation. First, a sample of 18 alliances was selected to serve as case studies.

Second, more than 100 people from 17 business partners, 12 USAID missions and bureaus, and 28 other organizations including donor agencies, NGOs, academic and practitioner institutions were interviewed.

Third, a web-based survey was designed and disseminated to all GDA in the nearly 100 country and regional missions and USAID departmental bureaus points of contact and through the office’s monthly newsletter to solicit anonymous feedback about the benefits, challenges, and comparative advantage of the GDA model of public-private partnership.

Members of the Team attended meetings and alliance building training over a five-month period, engaged in file review on the cases selected for the core sample, and considered 45 responses received from online surveys.

FINDINGS

Key findings for translating findings into policy and practice are organized into five sections in the full report, and this synopsis is organized accordingly: 1) GDA Model and Impact; 2) Evaluation, Metrics, and Monitoring; 3) Roles and Responsibilities in Implementation; 4) Learning and Knowledge Development; and 5) External Communications.

THE GDA MODEL AND IMPACT

Business partners, most mission staff, and traditional implementing partners strongly support the GDA model of public-private partnership. It is a widely held belief that the private sector must be directly involved in development, and should be encouraged to stay involved to improve impact and sustainability.

The strongest supporters of these types of alliances are those who have direct experience with them, even when alliance outcomes are mixed. There is also recognition that alliances can create development impacts, above and beyond specific activities, by demonstrating working models of public-private partnerships in countries with limited multi-sector alliance experience.

From the business perspective, alliances with a strong business case are more likely to be high-impact and sustainable versus the more passive philanthropic contributions. They cite the most successful alliances as those with a single company, a compelling business case, and significant funding. However, there is a general overall lack of awareness among partners that the GDA model represents a distinct approach within government toward emerging market challenges.

Business partners expressed concern with USAID's funding approach and with the increasing decentralization of the agency. Funding and responsibility for GDA partnerships is decentralized, requiring individual negotiations at the mission-level in every country of potential interest. When questioned whether the funding model encouraged replication and scalability, they suggested that the GDA office consider providing additional funding so as to prove success in order to take projects to scale.

In addition, as the Agency becomes more and more decentralized, alliances are increasingly vulnerable to shifts in budget, foreign policy, or mission priority. Business partners worry that USAID is reducing its focus the multi-year projects that are often required for successful alliance formation and implementation.

Another concern of business is the amount of time that elapses from the initial conversation with a USAID office to the formal establishment of a headquarters-based global relationship. The slow pace impedes businesses' ability to make an effective case for funding to their executive teams. Within missions, the lack of dedicated partnership-building staff with the requisite skills and commitment to move alliances forward presents serious challenges.

Many USAID respondents recall the value of the incentive fund.⁵ Most funds at the country or regional-level are already earmarked or obligated, and it can be difficult to approach the private sector about an alliance without money that can be accessed quickly and used flexibly.

Mission buy-in to an existing agreement or model is identified as a key ingredient for successful alliances by all partners, providing an opportunity to use prior alliances as guidance and make changes along the way. Partners identify sustainability as the key comparative advantage of using the GDA model. Respondents did express common concerns including pressure to maintain a certain leverage ratio, which sometimes shifts focus away from performance, and confusion about what is considered a "real" GDA.

⁵ The GDA Incentive Fund was a dedicated pool of funds budgeted during the early years of the GDA office that missions could access. The funds went to support innovative alliances which would provide significant private sector resource leverage opportunities.

EVALUATION/ METRICS/MONITORING

All partners agree on the importance of monitoring and evaluation (M&E) for both measuring impact and supporting accountability and results. Overall, respondents welcomed the idea of additional M&E resources from USAID, including guidance on suggested processes for M&E that would result in more systematic and consistent collection, analysis and distribution of information on alliance activities and impact.

Several alliances demonstrated that goal-setting, indicator development, and a commitment to evaluation from the outset serve as a means of building trust, understanding partner interests, making useful adjustments to plans, and building alliance momentum.

Facing increasing internal and external pressure to demonstrate impact, business partners emphasized the importance of having robust alliance M&E systems from beginning to end. They note that determining clear business and development goals and objectives from the outset is critical to setting the alliance direction.

Alliances should capitalize on diverse M&E resources. In addition to USAID M&E assets, business partners bring expertise in project management and data collection, and NGO partners bring strengths in designing development indicators and participatory approaches to monitoring.

In general, evaluations conducted to date have successfully assessed: the “process” of alliance building, implementation and governance challenges; perceived value added; issues with limited timelines; and the problem of institutional buy-in. However, these evaluations have not convincingly established early signs of desired development impact and tend to be more descriptive than analytic.

The unit of analysis in these evaluations typically focuses on the partnership and alliance itself rather than on the beneficiaries and their experience. Evaluation findings do not typically address the question of “comparative advantage” or, does a particular project or approach represent a better use of resources to achieve development goals more effectively than would have otherwise occurred? There does not appear to be a systemic effort to glean lessons or insights from completed evaluations.

ROLES & RESPONSIBILITIES IN IMPLEMENTATION

Turnover among business partners and USAID staff presents challenges to building the sustained relationships that are critical for strong partnerships. There is a perception among business partners that USAID must do more to be involved and ensure that mission staff and resources are available to meet partnership needs. All interviewees agree that the Mission Director’s buy-in to the GDA model is critical and factors strongly in to the success of alliances in different places at different times.

Respondents recognize that the public and private sectors move at different paces which may offer opportunities if carefully managed and supported by strong individual relationships on both sides. Business partners value having a dedicated point of contact at USAID-headquarters in Washington, DC serve as a development expert, thought partner, and champion. However, given the small size of USAID’s Washington-based alliance-building team, it cannot realistically be involved in all alliances. In reality, most alliances begin, proceed, evolve, and conclude with only minimal interaction with the Washington-based GDA team. A number of alliance participants hope that the team will serve as a central point of contact for the private sector, including conducting outreach and recruitment for future alliances.

Although the current emphasis of the GDA team is on start-up and the early stages of alliance-building, participants are increasingly looking for more support and resources for the middle and later stages of alliances. Respondents also want more training and hope that USAID will continue to cultivate “champions”. Implementers are seeking more of a “clearinghouse” function from alliance builders that provides them with more and better information on businesses, their interests, and the best ways to reach out to them.

LEARNING & KNOWLEDGE DEVELOPMENT

Respondents express that, overall, learning and knowledge development about GDAs is not well supported within alliances, between company partners, among alliances, or within the broader USAID system. Business partners indicate limited institutionalization of knowledge about completed alliances within their companies. This lack of institutional understanding indicates that businesses are not likely integrating lessons learned from past alliance experiences into current development practices or partnerships. The learning and knowledge development that does occur among business partners tends to be self-motivated rather than driven by USAID. Innovations introduced by partners from both private sector and traditional implementing organizations include “shadowing,” use of on-line collaboration tools, and disseminating monthly updates to all partners.

From the USAID perspective, there is growing interest in learning more about what does and does not work as part of the GDA model, but these activities are neither encouraged nor taken advantage of in a systematic manner. Those who do take the initiative do not seem to get relevant support or reward for their efforts.

EXTERNAL COMMUNICATION

Business partners support development of a stronger centralized system for public communications with USAID playing a greater role communicating with the public about alliances. Similarly, USAID and lead implementing partners indicated a desire for improved communications, particularly in support of their efforts to engage additional partners for current and future alliances, and to obtain institutional (such as ministry policy and practice changes) and donor commitments to support GDA initiatives.

RECOMMENDATIONS

RECOMMENDATIONS ABOUT THE GDA MODEL

- 1. Define and differentiate the GDA model.** Define and differentiate the GDA approach so that focus is on engaging private sector partners around their business model and interests rather than around corporate philanthropy.
- 2. Revisit funding systems.** More centralized and reliable systems for funding and contracting help the private sector commit to multi-year partnerships. In addition, by relaunching the Incentive Fund, some of the more innovative alliance structures such as the Global Frameworks may provide the traction they need to be successful.
- 3. Develop core indicators and invest in training to measure long-term impacts.** To improve the effectiveness of alliance-building and inform future partnership efforts, it is important to set goals and put in place indicators, tools, and reporting mechanisms that are integral to the GDA model.
- 4. Define partner roles, responsibilities, and contributions at the outset of a partnership.** Clearly defined and mutually derived written agreements help to make partnerships successful.

RECOMMENDATIONS FOR WASHINGTON AND FIELD-BASED ALLIANCE BUILDERS

1. Clarify and focus the role of alliance builders both in the missions and in Washington to a well-defined set of activities to meet core strategic objectives in the medium and long-term. GDA itself should be more consistently involved in alliances.

2. Increase understanding and support for GDA at the mission level. Encourage missions to consider how GDA can be used as a platform to encourage multi-sector collaboration that might not otherwise occur, resulting in significant development impact.

3. Enhance learning and knowledge development. Improve learning and knowledge development about alliances by investing in tools, systems, and infrastructure for sharing partnership best practices and information, learning stories, research and documentation, and troubleshooting.

4. Establish additional communications channels for dissemination. Promote and convene peer exchange and create or link into existing networks. GDA is uniquely positioned to more effectively capitalize on its accumulating assets, social capital, and knowledge.

5. Establish a network of champions within USAID and in the private sector. Encourage private sector partner representatives and Mission Directors to become GDA champions in a “GDA Ambassador” program.

CONCLUSION

Much progress has been made in cultivating the supply of business partners and good development ideas for which alliances are an appropriate response, and stimulating demand and interest in GDAs within USAID and its network of implementing partners. As the process moves forward, USAID must find ways to provide even more support for evolving GDA policy and practice, while the at the same time develop solid methods for producing credible evidence about development impact and sharing lessons learned.

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