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INNOVATION IN DEVELOPMENT: THE POWER OF ALLIANCE BUILDING



Office of Global Development Alliances

January, 2007



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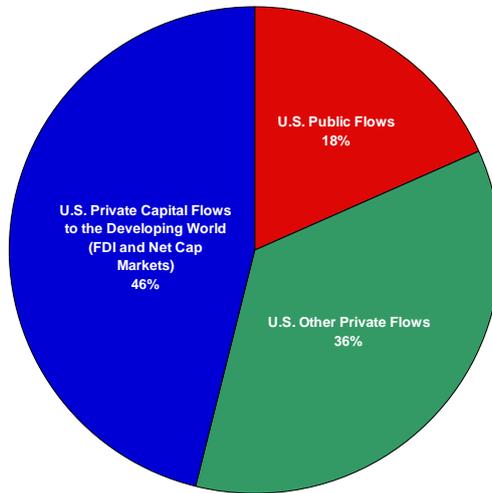
**The principal US Agency for development
and humanitarian assistance**

**Provides nearly \$16 Billion in annual
development assistance**



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**U.S. Total Flows to the Developing World in 2005:
\$150 BN**



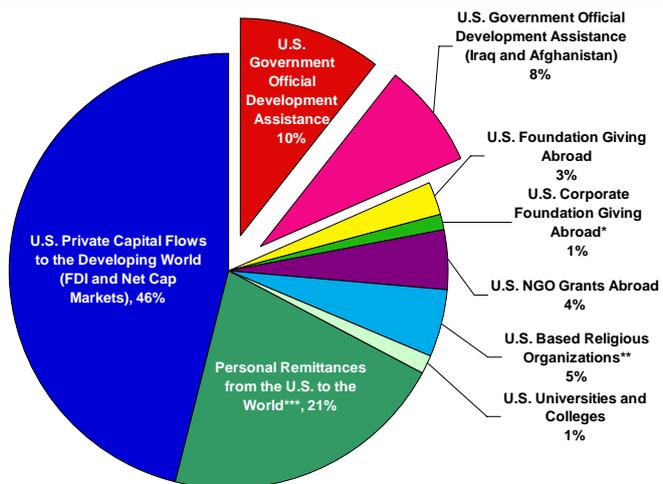
Source: Bureau of Economic Analysis; Conference Board; Foundation Center; Faith Based Groups; World Bank; and USAID Internal Estimates

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* Reflects only donations over \$1 million.

** Numbers are for 2003. Numbers for 2005 are expected in the first quarter of 2007.

*** Accurate numbers on remittances flows are impossible to obtain due to the large degree of informal flows and problems in reporting. This number reflects BEA estimates of US remittance flows to the entire world.

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Why a Partnership Model?

Respond to a changing global environment

Increase development effectiveness

Leverage additional resources for development activities



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Results to Date

400 Alliances since 2001

More than 1500 distinct partners

USAID investment: \$1.4 Billion

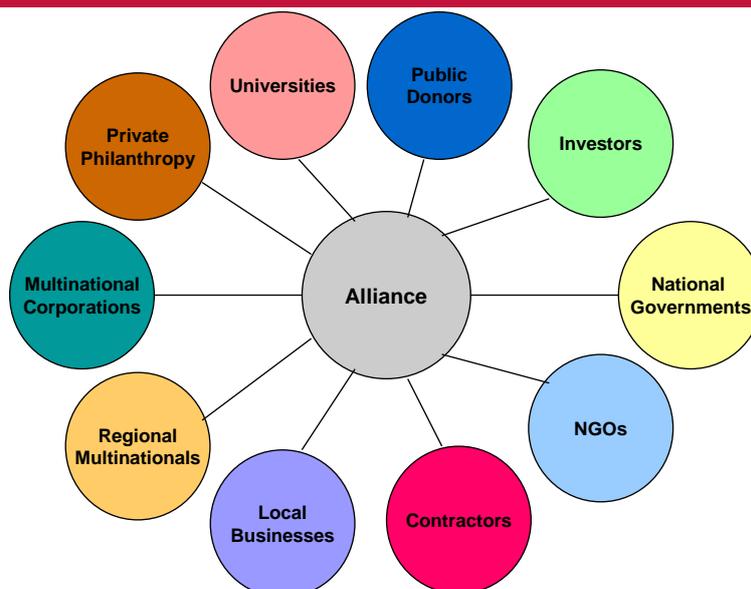
Partner Resources invested: \$4.6 Billion

What is an Alliance?

A public-private alliance is a type of Public-Private Partnership which:

- Jointly defines a development problem and its solution
- Values shared resources, risks and rewards
- Engages new partners and/or traditional partners
- Uses new innovative approaches
- Entails significant resource leveraging (>1:1)

GDA: Model for Development





Mutually Beneficial Alliances

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- Funding
- Development expertise
- Long-term in-country presence
- Network of local and global partners
- Policy influence

Partner

- Funding
- Markets and purchasing power
- Activity design better connected to market realities
- Technology and intellectual property
- Skills, services and expertise



Innovative Lending for Sustainable Coffee

- **Goal:**
 - Multi-million dollar sustainable producer cooperative inventory financing fund, or consortium of funds. The funds will promote growing sustainable coffee by significantly increasing working capital financing for developing country sustainable coffee producers.
- **Partners:**
 - Green Mountain Coffee Roasters
 - EcoLogic Finance
 - Starbucks
 - Enterprise Ventures (EEV)
- **Funding:**
 - \$2.4 million total
 - USAID: \$1.2 million
 - Other partners: \$ 1.2 million



Chevron

- **Goal:**
 - To help Angola recover from its 27-year civil war with local business development, recovery of the agricultural sector, promoting peace and security, and resettling ex-combatants and displaced Angolans by:
 - 1) Development of small and medium agribusinesses; 2) microfinance lending program; 3) enterprise development training facility;
- **Partners:**
 - Chevron
- **Funding:**
 - \$20 million total
 - USAID: \$10 million
 - Chevron: \$10 million



Continuous Improvement in the Apparel Workplace

- **Goal:**
 - to increase the competitiveness of the apparel and textile industry by improving labor standards at the workplace level
- **Partners:**
 - Gap Inc., Timberland, Limited Brands, DAI, Social Accountability International, International Textile, Garment and Leather Workers' Federation
- **Funding:**
 - \$3.2 million for 2 years
 - USAID: \$2 million
 - Alliance partners: \$1.2 million





West Africa Water Initiative

- **Goal:**
 - to increase water supply, sanitation and hygiene services in Ghana, Mali and Niger by providing:
 - Wells, alternative water sources, latrines, and training in water resource management in homes and on farms
- **Partners:**
 - Conrad N. Hilton Foundation, Cornell International Institute for Food, Agriculture and Development, Desert Research Institute, Helen Keller International, International Trachoma Institute, Lions Club International, UN Foundation, UNICEF, WaterAid, World Chlorine Council and World Vision International.
- **Funding:**
 - \$41 million total
 - USAID: \$6 million
 - Alliance partners: \$35 million



What Motivates our Partners?

- **Philanthropy**
 - Or
- **Business competitive context**



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Four Elements of Competitive Context

Availability of high quality inputs:
- human resources
- capital resources
- physical infrastructure
- natural resources

Factor Conditions

Capable, locally based suppliers
Clusters instead of isolated industries

Context for Strategy and Rivalry

Competitive environment
- Policies encourage investment and competition

Demand Conditions

Presence of demand for product – customers in place

Related and Supporting Industries



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Lessons learned

- Building on shared values
- Vested interest in the success
- Being creative
- Building on institutional strengths, assets, knowledge
- Being courageous (risk-taking)



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