

THE GLOBAL DEVELOPMENT ALLIANCE

Public-private partnerships are proving effective in targeting funds and in providing new technologies, intellectual capital, market presence, and business expertise to address today's development problems around the world.

This article is excerpted from the U.S. Agency for International Development report Global Development Alliance: Expanding the Impact of Foreign Assistance Through Public-Private Alliances.

The Global Development Alliance (GDA) was launched in May 2001 as a new business model for the U.S. Agency for International Development (USAID)—one that relies on public-private alliances to multiply the impact of official U.S. development assistance abroad.

Since inception, the GDA has grown from a mere handful to hundreds of partnerships supporting economic growth, health, education, democracy and governance, environment, and conflict resolution. In fiscal years 2002-2004, USAID engaged new partners across nearly 300 alliances. A U.S. government investment of more than \$1.1 billion toward these alliances leveraged more than \$3.7 billion in resources from partners.

Not all partner resources come in cash. New technologies, intellectual capital, market presence, and business expertise are equally as important in addressing the development problems we face today.

But alliances could not exist without mutual advantage among all participants. A major source of value that partners gain from USAID include access to government stakeholders and a network of local contacts through our global presence of more than 80 country and regional missions. Other comparative advantages include USAID's development expertise, convening and coordinating authority, a ready menu of buy-in options to an existing development portfolio, and additional funding capability.

The following are a small but representative sample demonstrating the actions of committed individuals and organizations across all spheres of action—reducing poverty and encouraging democratization, economic reform, and civil society.

CREATING BROADER ACCESS TO FINANCIAL SERVICES

Mexican migrants and Mexican Americans sent more than \$16 billion to Mexico in 2004, an amount far greater than total U.S. foreign aid to that country. But high transaction costs hinder the potential to leverage personal remittances for sustainable development as well as household support. Even a 1 percent reduction in transaction costs would leverage hundreds of millions of dollars in additional resources for Mexico. There is also a dearth of financial services for the aspiring poor: An estimated 40 percent of Mexicans lack access to banking services enabling savings, loans, and other wealth management opportunities.

The Remittances for Economic Growth Alliance joins USAID with the World Council of Credit Unions and Mexico's credit union network to lower the costs of personal remittance transfers and create broader access to financial services such as savings, credit, and mortgages. Partners are training local credit union staff in Mexico and providing updated technologies for money transfers. The network includes Mexico's largest credit union, Caja Popular Mexicana.

REDUCING MALARIA THROUGH COMMERCIAL SECTOR PARTNERSHIPS

In sub-Saharan Africa, more than 2 million people die each year as a result of malaria. Most victims are pregnant women and children under the age of five. Insecticide-treated mosquito nets are one of the most effective methods for preventing malaria. Their use has decreased severe malaria by 45 percent, premature births by 42 percent, and all causes of child mortality by 20 percent.

The NetMark Alliance represents a time-limited investment by USAID to reduce the burden of malaria in sub-Saharan Africa by increasing the commercial supply of and public demand for insecticide-treated nets. The alliance brings together international and African commercial partners, nonprofits, and ministries of health to build local commercial capacity and meet the demand of those willing and able to pay for bednets, thus enabling limited donor resources to provide for those unable to af-

ford lifesaving nets at any price. This is achieved through a coordinated market segmentation strategy, including an extensive discount voucher program in partnership with ExxonMobil. The successes and lessons learned from NetMark's multidimensional effort to achieve equitable and sustainable public health objectives are now assimilated into what is called a Full Market Impact™ model of foreign assistance.

BUILDING DEMOCRACY IN SOUTHEASTERN EUROPE

Transparent, accountable, and effective governance, as well as respect for human rights and broad citizen participation in decision making, are essential foundations for mature democracies. These factors contribute to regional stability and foster integration into Euro-Atlantic institutions such as the European Union and the North Atlantic Treaty Organization.

The Balkan Trust for Democracy is a grant-making initiative designed to support good governance and increase civic participation in Southeast Europe. The Balkan Trust awards more than \$2 million annually in grants to civic groups, local nongovernmental organizations, local and regional governments, think tanks, educational institutions, and the media in the Balkans. Investing in local groups and civil society strengthens democratic institutions and political processes and supports the region-wide political and social development required for long-term stability. In addition, the Balkan Trust helps raise the profile of the region and fosters its acceleration into Euro-Atlantic structures.

RESTORING ANGOLA'S AGRICULTURE AND ECONOMY

Angola's 27-year civil war left the country with 2 million displaced persons, an agricultural system in disarray, and a shattered economy. Though a net exporter of food prior to the war, Angola now depends on foreign aid to feed its people. In addition, the ability of lower levels of government to provide public goods and services is weak, while onerous regulations stymie efforts to jumpstart the economy through business creation.

Following the 2002 peace accord, President José Eduardo dos Santos challenged Chevron Chairman and Chief Executive Officer Dave O'Reilly to consider the company's legacy after decades as Angola's largest investor and biggest employer. O'Reilly responded with the Enterprise Development Alliance, through which Chevron

and USAID each committed a minimum of \$10 million to fund initiatives in agribusiness development; small, medium, and microenterprise development; financial sector capacity building for expanded access to credit services; and financial and technical support services to agribusiness activities such as seed multiplication and crop diversification. Chevron and USAID are exploring opportunities for a second-generation partnership that will continue to invigorate the economy and realize Angola's potential.

BRINGING CLEAN WATER TO WEST AFRICA

Nearly 20 percent of the world's population—1.2 billion people—lack access to clean drinking water, and 2.4 billion lack access to adequate sanitation. In 2000 alone, 1.3 million children under age 5 died from diarrheal diseases caused by unsafe water and sanitation. Throughout the developing world, the poor suffer from preventable water-related diseases, including guinea worm, river blindness, and trachoma—the world's leading cause of preventable blindness. In the poor and vulnerable rural communities of Ghana, Niger, and Mali, health and livelihood issues associated with water resources are critical. Food security and the health of ecosystems—upon which all life depends—require sustainable sources of clean water that so many in developed countries take for granted.

USAID partnered with the Conrad N. Hilton Foundation, World Vision, and several other international organizations to form the West Africa Water Initiative, a \$41-million program to provide water supply, sanitation, and hygiene services in Ghana, Mali, and Niger. Partners are working nationally and locally to increase access to safe water and sanitation through wells, alternative water resources, and latrines. The alliance also builds awareness of waterborne diseases and promotes sustainable water management through community-based outreach.

GUARANTEEING PREHARVEST TRADE CREDIT FOR COFFEE COOPERATIVES

Many small-scale specialty coffee farmers in Latin America and East Africa struggle to compete in the worldwide coffee market. Because they often cannot get the financing they need from local banks to properly invest throughout the production cycle, local middlemen can purchase coffee at harvest time at prices that do not allow producers to expand their businesses or, in many cases, even provide enough for their families. But with growing global demand for higher-quality, higher-priced natural products such as specialty coffee, farmers have opportuni-

ties to significantly boost their incomes through access to credit, international market linkages, and price premiums for environmentally friendly production.

The Finance Alliance for Sustainable Trade partners USAID with alternative lenders such as EcoLogic Finance and other socially responsible importers, roasters, and independent ecolabeling and social auditing organizations. The groups work together to increase timely access to financing for farmer cooperatives whose products are grown, harvested, and processed in ecofriendly ways. Loans are made directly to cooperatives that have signed agreements with buyers. The cooperatives can then secure cash on hand to pay farmers as soon as they deliver their crops. The business model not only finances cooperatives but also links them to final buyers such as Green Mountain Coffee Roasters and Starbucks—companies committed to securing the sustainable supply of a global commodity whose production and trade provides a livelihood for millions in the developing world.

MENTORING ARAB YOUTH

Arab nations have some of the world's youngest populations, but also suffer from the highest youth unemployment rates. Though an estimated 100 million jobs must be created over the next 20 years, national education systems are not adequately preparing graduates for the needs of today's workplace. The problem is particularly acute in oil-producing states that fail to adequately diversify their economic base.

INJAZ-Arabia is a private sector-led initiative to mentor and cultivate the next generation of business leaders. Leading corporations, USAID, the Middle East Partnership Initiative, and ministries of education have joined forces to send senior-level corporate volunteers to share their professional experience, know-how, and success stories with Arab youth. Students learn how the banking sector supports business and industry, how to manage their own budgets and follow stocks, and even how to set up a model enterprise with a business plan from company startup to final liquidation. Both in-country and multinational businesses have shown increasing interest in participating in INJAZ as an exercise in good corporate citizenship.

LIGHTING UP MUSLIM MINDANAO

The southern portion of the Philippines archipelago has experienced civil unrest and violence for three decades. Economic neglect and exploitation fueled a guerrilla

movement in this predominantly Muslim area. In 1996, a peace agreement between the national government and the insurgents created the Autonomous Region of Muslim Mindanao, promising to bring social and economic development to the region. For such development to occur, however, electric lighting needs to be cheaper and more widely available. The islands of the southern Philippines are a great distance from the national energy grid, which handicaps income-generating activities and causes the local population to rely on carbon dioxide-emitting kerosene lamps.

The USAID Alliance for Mindanao Off-Grid Renewable Energy (AMORE) provides solar-powered compact fluorescent lights and street lamps in the Autonomous Region of Muslim Mindanao. Community development groups maintain these renewable energy systems. AMORE's efforts are helping to increase outdoor safety and significantly increase business and educational productivity by allowing work and study to extend into evening hours. The energy systems also enable aspiring entrepreneurs to pursue new small business projects such as mat-making and other local crafts.

BUILDING COMMUNITY

Unsustainable human activity—such as slash-and-burn farming and firewood collection—has depleted millions of hectares of forest cover in Africa. Removing trees exposes the ground to drying winds and rainfall until the topsoil is eroded. Farmers then move to other land, clear trees, and repeat the destructive cycle until local ecosystems fail. This yields drought, famine, increased incidence of disease—including HIV/AIDS—and eventual collapse of once sustainable communities. Few alternatives exist for those trapped in these devastated landscapes.

USAID's International Small Group and Tree Planting Program (TIST) responds to problems initially expressed in 1999 by Tanzanian subsistence farmers participating in small group sessions facilitated by faith-based community development outreach. TIST offers participative encouragement, training, organization, technology, and accountability that centers on tree planting to restore healthy ecosystems and sustainable rural communities. By building on local successes, TIST empowers rural village groups to improve their lives and the environments in which they live. TIST participants measure and record their progress with battery-powered global positioning systems and personal digital assistance technologies. ■