

THINKING STRATEGICALLY ABOUT ALLIANCES—IDENTIFYING A PRIVATE SECTOR RESOURCE PARTNER

For each of the development sectors being considered in the mission's strategic plan, consider whether the private sector is or could be a significant, long-term stakeholder.

There are different ways to look at the private sector as a stakeholder in the mission's development program:

1. **Direct business interests:** What private sector actors stand to gain if this sector grows and prospers? Conversely, what private sector actors stand to lose if it does not?
2. **Indirect business interests:** What private sector actors have a long-term financial or reputational investment in this country or sector?
3. **Philanthropic interests:** What foundations and other actors in the private nonprofit sector have interests in this country or sector?
4. **Critical assets:** What private sector actors might be a critical part of the solution to the development challenges in this sector?

IDENTIFYING POTENTIAL PARTNERS WITH DIRECT BUSINESS INTERESTS (CATEGORY #1)

Stakeholders falling into category #1 are typically private for-profit businesses or service providers and are good candidates to approach as resource partners because they would expect to reap business benefits from a successful alliance with the U.S. Agency for International Development (USAID).

In identifying private sector actors in this category, consider each of the roles the private sector plays and its links to USAID's development priorities:

- **As an employer,** a private business may have interests in primary healthcare, HIV/AIDS prevention, health policy, basic education, skills training, information technology (IT) training, labor policy, and pension and social security policy.
- **As an investor,** a private business may have interests in accessing essential raw materials in a sustainable way through responsible economic and environmental management; in being assured of an adequate supply of healthy and productive workers through cost-effective healthcare and skills training; in efficient marketing of its product through market systems and transportation infrastructure development; and in a stable and predictable economic management regime with protection for foreign and local private investment.
- **As a vendor and supplier of inputs,** a private business may have interests in growing the markets for its products and services through agricultural and small and medium-sized enterprise development, promotion of ecotourism, skills training programs, improved financing or credit access for buyers of goods and services, and a stable and predictable trade and economic management regime.

- **A purchaser** may have interests in ensuring price stability and quality of product through agribusiness development, market development, and supply chain integration.

Most of the private sector resource partners (although not the biggest in terms of contributions) found in the GDA portfolio fall into this broad category. They cluster around the following development activities:

Supply chain integration:

- Nestle, Mars, and various European chocolate industries in West Africa Sustainable Tree Crop (Cocoa) and SUCCESS Asia Cocoa Alliances
- Starbucks and Green Mountain Roasters in Central American Regional Coffee Program
- Finta (Zambian) Dairy Ltd and local dairy farmers in Zambia Milk Collection Centers Alliance
- IKEA and Home Depot in Worldwide Certified Forests Alliance
- Royal Ahold in Ghana Food Industry Development Alliance

Agribusiness development:

- Shaffer in Mali Markala Sugar
- Fresh & Green in Nigeria Cassava Competitiveness
- ChevronTexaco in Cabinda Agribusiness Development

Livestock health and market development:

- Private animal health service providers in Horn of Africa Livestock Trade Commission Alliance
- Intervet in Southern Africa Regional Heartwater Vaccine Development Alliance

Nontraditional export development:

- Various private buyers in Agribusiness in Sustainable Natural Plant Products
- AVEDA in Nepal Non-timber Forest Products
- Liz Claiborne in Mozlink's textile component

Information technology development:

- Sun Microsystems, IBM, and Cisco Systems in Information Technology Training for Youth Alliance in Brazil

Marketing efficiency:

- SHENI Agricultural Supplies and smallholder farmers in Zambia Warehouse Receipts Alliance

Policy reform:

- Pfizer in South African Alliance on Intellectual Property Rights

Worker productivity:

Local companies in Colombia seeking IT-trained employees in the Latin America and Caribbean Bureau's entra 21 alliance with the Inter-American Development Bank and the International Youth Foundation

Banco do Brasil in Information Technology Training for Youth in Brazil

Sustainable resource development:

- QIT Minerals in Madagascar Minerals Alliance
- BP in Papua Birdshead Alliance

Since these partners will have core business interests at stake in their alliance with USAID, they will likely seek a more active role in the alliance, their senior management will be more engaged in its planning and management, and they may be prepared to make a longer-term and more substantial commitment if the alliance shows signs of early success.

IDENTIFYING POTENTIAL PARTNERS WITH INDIRECT BUSINESS INTERESTS (CATEGORY #2)

Stakeholders falling into category #2 are also good candidates for resource partners, and are typically U.S. or multinational companies that have, or seek, a long-term presence in the country and/or are identified with policy issues that could negatively affect their public image. Businesses in this category often have, or are receptive to having, corporate social responsibility (CSR) programs as tangible evidence of their interest in being good corporate citizens. Examples in the GDA database are: Unilever and Ben & Jerry's in Mali Child Welfare, De Beers Group in Sierra Leone Peace Diamonds, and Mirant in AMORE Renewable Energy Alliance in the Philippines. An additional example is the fiscal year 2003 ChevronTexaco (CT) alliance in Angola, which is motivated by CT's interest in being a "good citizen" in Angola more than by a direct business interest that the alliance might serve (in contrast to the Cabinda Agribusiness Development alliance cited above, which is designed to promote growth of businesses that could supply CT's operations in Angola, thus meeting an immediate business interest). Another example is the bednet vouchering scheme being developed in West Africa where oil companies have expressed interest in donating to the treated bednet distribution program in return for having their logo show on the discount coupons distributed to rural householders.

Additional examples in the GDA portfolio include:

- Monsanto in Philippines
- Sesame Street in Egypt and India
- Royal Ahold in Ghana
- Intervet in Southern Africa Heartwater Vaccine Commercialization

This approach requires USAID to be more proactive in the strategic planning stages in identifying potential resource partners and may be less well-suited to an "opportunistic" alliance-building strategy. These are cases where the business interest in the alliance may not have been immediately evident to the partner without USAID undertaking extensive discussions and leading the partner to a broader understanding of the opportunities its participation in such an alliance

might offer (for example, the evolution of the Royal Ahold alliance, where intensive discussion by USAID staff and contractors with Royal Ahold representatives redirected Royal Ahold's earlier interest in a "one-off," CSR-inspired investment to an investment that directly supported mission and government development objectives and to which Royal Ahold could offer a unique, and critical, asset.)

GDA: 5/17/04.