

# MANAGING AN ALLIANCE

Each activity is managed by the operating unit responsible for achieving the development objectives of the particular activity. This unit could be a field mission or an office within one of the regional or technical bureaus with operational responsibilities. GDA generally does not directly manage alliances, but does provide limited oversight and support. In all cases, attention must be paid to governance, monitoring and evaluation, and reporting.

## GOVERNANCE STRUCTURES

Management of an alliance will be greatly facilitated when the basic governance structure established by the MOU and/or procurement instrument is clearly defined. It can be assumed that the partners have achieved a high level of trust and have a shared commitment to achieving results. They can maintain openness and accountability to one another by establishing clear agreements on governance procedures. At a minimum, it is desirable to address the following areas:

- Specific roles and responsibilities of alliance partners, as well as of their relevant supporting units (e.g., USAID/Washington and State or other U.S. Government departments, if appropriate);
- Key elements of governance, such as, frequency of meetings, decision-making processes, participants, need for working groups, outreach to stakeholders/beneficiaries, monitoring systems, etc.; and
- How to resolve differences, should these arise.

### **Global Alliance to Improve Nutrition (GAIN)**

GAIN is a 501(c)(3) organization with a Secretariat consisting of a Board of Directors, Executive Director, and ad hoc technical committees.

Addressing governance issues in writing, at the outset of an alliance, will prove invaluable as partner personnel rotate during the life of the alliance, or as new partners are brought in. The document created might be equivalent to a Mission Order, though it does not need to be as formal. It should be a living document, to be amplified or modified as the parties gain more experience working together.<sup>1</sup> See below FAQs: Legal #5.

### **What governance structure should an alliance have?**

This will depend on the purpose of the alliance and decisions made by the members with respect to governance arrangements. We have generally discussed alliance structures in two broad categories: a) parallel financing; and b) pooled resources.

### **Parallel Financing**

Under this approach, the alliance partners reach agreement on how to work together to address a development problem, with each partner establishing a separate mechanism (e.g., grant, contract) through which to provide resources to support the alliance's work (financial, human, and/or in-

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<sup>1</sup> In alliances where the governance structure calls for an advisory committee, provisions of the [Federal Advisory Committee Act \(FACA\)](#), which regulate the operations of such committees, should be reviewed.

kind). The coordination and management of parties' inputs require negotiation of the respective roles and resource contributions of each party. In addition to each alliance member's own funding mechanism, this approach typically involves a memorandum of understanding (MOU), letter of intent, or similar document among the alliance partners that lays out the common agenda and the specific responsibilities of each party. Though not binding, this document sets forth the intent of the partners to work collaboratively in pursuit of a shared goal. As an MOU does not obligate funds, a bureau or mission official may sign the document. GC or the appropriate RLA should assist with the negotiation and drafting of the MOU. It will be especially important for USAID and the other parties to the MOU to understand—and to the extent possible clarify—the anticipated role and type of contribution of each party as well as the process for reaching implementation decisions. In some early stage alliances, the MOU will only generally address these matters. For other alliances that are further along in development, more specific working arrangements can be outlined. In addition, OAA also should be involved in the preparation of the MOU if you intend to award a grant or other instrument in support of the alliance. This will require your attention to the question of whether competition is appropriate or an exception to competitive procedures is called for.

In this type of alliance, USAID typically might award a grant or cooperative agreement to a nongovernmental organization (NGO) that is supporting or participating in the alliance. There will be situations in which USAID will award a contract for services or goods in support of an alliance (or issue a task order under an existing Indefinite Quantity Contract). Recently, some missions have been exploring how public-private alliance concepts might be incorporated into contract solicitations. However, in general, it is anticipated that USAID will rely significantly on grants and cooperative agreements to provide financial support to public-private alliances.

Perhaps the most common approach is when USAID makes an assistance award to an existing NGO, usually a traditional USAID implementing partner, that is also receiving and managing contributions from other parties. In this case, the USAID assistance agreement is accounted for in the same manner as typical USAID agreements under ADS Chapter 303 and 22 CFR Part 226, and USAID funds are kept separate from funds of other contributors; however, jointly planned activities of the partnership can be implemented through the same NGO.

### **Pooled Resources**

Under this approach, USAID and its partners establish a formal alliance governance structure for the purpose of attracting resources and making joint program decisions. These alliances may involve fairly complex organizational structures and legal documentation. Alliances of this type may involve the formation of a new legal entity, such as a U.S. NGO that secures 501(c)(3) status under the Internal Revenue Code to facilitate tax-advantaged private contributions. Or the alliance members may agree to operate as an informal partnership to direct the policies and programs of the alliance. The structure may include a technical expert committee to support the board of directors of the alliance and the development of clear operating procedures for the alliance's program. Under this general approach, whether or not a new legal entity is established, the alliance enters into an agreement with a Public International Organization (PIO), such as UNICEF or the World Bank, to manage the alliance's resources as a trustee or fiduciary agent. In some circumstances it may be possible for other types of financial institutions to play this role. One or more additional agreements with existing organizations may be entered into to provide

administrative and other services to the alliance program. The specific role(s) played by the PIO or other institution may vary from alliance to alliance.

Additionally, in situations in which USAID receives a donation from an outside party the donated funds are accounted for separately from USAID appropriated funds but are “pooled” in the sense that they are managed by USAID in conjunction with appropriated funds for a designated program.

## ROLES AND RESPONSIBILITIES

**Clarity of Authority:** Who are the **principal players**? Who is authorized to make decisions, convene meetings, address implementation issues, and provide substantive technical information? It is a good idea to provide a formal list of names, contact information, and level of authority to all relevant participants.

**Representation:** Who has a **supportive role**, and how should they be kept in the loop (and by whom)? Geographic or central USAID bureaus as well as, in some cases, other USG agencies, may be relevant, as well as partner headquarters organizations. Decisions should be made on the mode and frequency of participation in—or information on—alliance issues.

**Transparency and Accountability:** Partners should agree on and practice direct **communication** on all aspects of alliance implementation, at executive and working levels. It may be important to **inform** each other on the relevant internal processes of each partner, and any changes therein. USAID support offices that find themselves communicating regularly with non-USAID partners involved in alliances should make efforts to inform the USAID partners of such contacts.

## GOVERNANCE STRUCTURE AND OPERATIONS

Clear “rules of the game” make it easier for alliance partners to focus on their role in implementation. Alliances comprised of many partners, or regional alliances serving as funding sources for sub-alliances or grants (e.g., Balkan Trust for Democracy, Global Alliance for Improved Nutrition, Sustainable Tree Crop [Cocoa] Program) may require the preparation of formal by-laws and the establishment of working committees, while less complex alliances can operate on a more informal basis. Where alliances include a number of corporate partners who may be competitors and used to keeping at arm’s length of each other (as in the Philippines Clean Fuels alliance), provisions need to be made to keep essential information flowing smoothly.

Questions that could be addressed include:

- What is the frequency of **meetings** of the principal governing body of the alliance? Are teleconference meetings acceptable?
- Who **convenes** and who **participates** (actively, or with observer status) in meetings? Should there be working committees (if so, what are their specific responsibilities)? Should periodic open meetings be convened for information sharing and gathering purposes with parties relevant to alliance progress (including beneficiaries)?

### Sustainable Tree Crops (Cocoa) Program (STCP) Governance

The STCP governance structure offers a promising model for multicountry programs: it defines clear and distinct responsibilities between the global, regional, and national levels; it provides a voice for all resource partners on the Advisory Board which sets policy direction and approves national plans; and it incorporates a means for program clients (farmers’ groups) to participate in decisionmaking at the national level.

- Who is empowered to **make binding decisions**? Will decisions be made by consensus by vote?
- Who is responsible for setting the **agenda**, preparing **minutes**, and circulating them? Should minutes be signed by the principals?
- In alliances where partners are pooling their funding, what is the process for **making funds available**? The level and timing of funding needs should be discussed, as well as the likely burn rate of the activity.
- How will alliances work with **beneficiaries, host governments, and potential new partners**? To what extent will partners inform each other when they have separate contacts with such groups? The Sierra Leone Peace Diamonds Alliance includes miners, dealers, community leaders, and other stakeholders. A voluntary Code of Conduct is one way alliance partners signal commitment to alliance precepts.
- What kind of **public outreach** is relevant, given the host country situation? Should the alliance develop a joint approach? Does each partner prefer to publicize its efforts separately? Should outreach be aimed at informing, garnering public support, satisfying host government concerns? In some countries, and for some alliances, outreach may need to be aimed at preventing misinformation by others.
- How will partners **monitor and report** alliance progress? Is there a limited set of performance indicators, or “metrics,” that all partners are willing to adopt and use, notwithstanding any additional indicators that they may wish to identify and track? Do partners have reporting requirements that the alliance can help them meet?

## RESOLVING DIFFERENCES

Conflicts among partners in an alliance must be anticipated. In the interest of good governance it is appropriate to address the issue and identify, at a minimum, principles that should be followed in the event of disagreement.

Such principles include:

- Always proceeding with respect for the other party;
- Clarifying underlying issues;
- Identifying options for resolving the disagreement;
- Being inclusive, not exclusive, of stakeholders who might be able to propose solutions;
- Agreeing at the outset on a procedure for resolving the disagreement; and
- Agreeing on time limits within which the problem should be resolved.

### Air Pollution Reduction Alliance

Since the alliance includes such a diverse group of stakeholders, representing environmental organizations as well as the private sector, serious disagreements over issues can arise from time to time. The World Bank, an initial donor and supporter, dropped out of the alliance because the Bank had differences with the government of Sri Lanka regarding how to implement the project.

However, while partners acknowledge these differences of opinion and interests, they view the process of working through disagreements as fundamentally important in learning to work together and recognize that it will prove beneficial in the long run.