

# TRENDS

## IN GLOBAL DEVELOPMENT

Survey of Trends in Private Sector  
Partnerships for International  
Development and Modalities  
for Engagement

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# SURVEY OF TRENDS IN PRIVATE SECTOR PARTNERSHIPS FOR INTERNATIONAL DEVELOPMENT AND MODALITIES FOR ENGAGEMENT.

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Washington, D.C., March 2014

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## LETTER FROM OUR PRESIDENT

Welcome to Creative Associates International's "Survey of Trends in Private Sector Partnerships for International Development and Modalities for Engagement." Written by Bradford Strickland, PhD, it provides a valuable overview of current trends in private sector participation in international development.

Through this paper, it is my desire to stimulate a discussion about the variety of ways by which companies of all sizes can reinforce their strategic business goals by supporting initiatives that improve the lives of the people around the world.

When three other women and I launched Creative Associates International in 1977, we sought to establish a mission-driven company that would be an inspiration to disenfranchised people everywhere who wanted to make a positive difference in the world around them.

Today, with approximately 1,000 employees and projects in 20 countries, Creative continues to be a firm that is dedicated to improving the lives of people. This is thanks to the skill of its staff, the dedication of host communities and the support of clients, including the U.S. Agency for International Development and the U.S. Department of State.

During the past 37 years, I have witnessed a welcome change in global and community development—the increased role of the private sector in areas once considered the domain of governmental and multilateral donors. Today, manufacturers, agribusinesses, banks, hotels and other companies unrelated to development have increased their role as partners for a better world. Their roles vary, including cost sharing and working with donors and governments in support of broad international development goals.

Business is being transformed by current social, economic and ecological trends, making "shared value" strategies -the objectives of increased revenue, ecological sustainability, and social impact- the ultimate "triple bottom line" in many corporate board rooms.

A Creative staff member recently told me about a conversation she had with an executive at an electricity

company in Panama. The executive said: "It used to be that what was good for the company was good for society. Now it's the inverse. What's good for society is good for the company." That business sponsors Creative's youth outreach centers for a host of reasons, their bottom line included.

This level of participation is new for many corporations, many of which may be growing fast in fragile and emerging markets.

As a business, Creative and its leadership understand the perspective of the private sector. As development professionals, we have nearly four decades of experience in conflict- and post-conflict-affected settings and know how important it is to bring a collaborative approach to address pressing issues.

Creative partners with the private sector on small and large initiatives. From Honduras to Nigeria and Egypt to Afghanistan, these partnerships support government contracts and grants, as well as business-to-business contracting.

Our staff in headquarters and around the world takes pride in its ability to be reliable, trusted and consistent implementer of projects. Our proven approaches support communities and clients, while providing both parties with sustainable activities that generate lasting benefits.

Creative is pleased to sponsor this paper and contribute to the evolving role of the private sector in international development.

Peace,

M. Charito Kruvant  
President & CEO  
Creative Associates International



## USAID RECOGNIZES THAT BY

*conducting its core business, the private sector has an enormous impact on development in areas ranging from agricultural development to climate change mitigation.*

## SUMMARY

Effective collaboration between government and the private sector will be a crucial dimension of responding to the development challenges of the 21st century. The private sector is an essential source of financing, innovation, knowledge and applied values (such as efficient and accountable performance). These contributions by the private sector will be needed to help meet growing needs for food, water, energy, infrastructure, social services, and employment, and to address poverty reduction and sustainable management of the ecosystem.<sup>1</sup> This paper describes how the private

sector in industrialized and developing countries has become a key partner in international development cooperation. It examines evolving relationships from the perspective of private firms and development agencies, explains commonly-used terms that describe the role of business in development, and summarizes several major trends in private sector partnerships. It also outlines common modalities for businesses to engage international development expertise (e.g., from non-profit organizations and for-profit companies).

## INTRODUCTION

The importance of the private sector for development has been emphasized repeatedly in numerous international fora in recent years.

Noteworthy examples include the series of G20 summit declarations since 2010<sup>2</sup> and the formation of a G20 Business Coalition (B20) as the main G20 business interlocutor.<sup>3</sup> The 2011 Busan Declaration of Partnership for Effective Development Cooperation, subscribed to by 160 countries and more than 60 international organizations, expressly recognized “the central role of the private sector in advancing innovation, creating wealth, income and jobs, mobilizing domestic resources and in turn contributing to poverty reduction.” Busan invited representatives of the public and private sectors to explore “how to advance both development and business outcomes so that they are mutually reinforcing.”<sup>4</sup> References to the role of the private sector also feature prominently in the report of the United Nations Secretary General’s High Level Panel on the post-2015 development agenda.<sup>5</sup>

This international attention to the private sector is echoed in national development policies. In particular, the United States Global Development Policy declares that the US will prioritize partnership “from policy conception through to implementation” in order to leverage public sector investments and spur action by the private sector and others.<sup>6</sup> Canada has also taken up the role of the private sector in its development policy.<sup>7</sup> Likewise, the importance of the private sector is noted in the European Union’s development policy, adopted in 2012.<sup>8</sup>

It can be argued that these international and national policy declarations and the concurrent indications of private sector interest are responding to multiple economic and political realities of globalization. The dramatic change in the composition of financial flows to developing countries, which are now primarily private,<sup>9</sup> and the growing importance of developing countries in global markets are causing both development agencies and private businesses to give increased attention to the private sector role in development.

These changing realities also help to explain why there is increasing acceptance of a broad and diverse mix of development instruments, maximizing resource pools and serving diverse interests, including those of host countries. From the perspective of some development professionals, private sector engagement is integral to the transformation of development cooperation to meet the demands of a globalized economy. Others say that such engagement has not yet been proven to be a preferable alternative to traditional modes of foreign assistance.



## THE PRIVATE SECTOR BUSINESS CASE FOR ENGAGING IN INTERNATIONAL DEVELOPMENT

From the perspective of many businesses, private sector PARTICIPATION has already changed the landscape of international development cooperation and significantly affected how businesses attain market ENTRY in developing countries. Socially and environmentally conscious consumers are placing increasing pressure on businesses to demonstrate socially and environmentally responsible business practices both locally and globally. Within the private sector, the case for engagement is well established. Working documents by McKinsey (2009) and Price Waterhouse Coopers (2005) indicate that most companies investing in international development efforts intended to have social or environmental impact also expect their businesses to benefit in several ways, including:

- Improved public relations and image enhancement
- Improved health status of workforce
- Increased demand for products and services
- Providing a mechanism for joint investment or risk sharing for creation of new markets or products
- Enhanced understanding of key markets and valuable networks for future business

Discussions with representatives of businesses engaged in development-oriented investments also indicate other important macro-economic benefits, such as:

- Increased wages in target markets for remittances, leading to broad economic growth
- Promotion of economic stability in emerging market environments<sup>10</sup>

The business people making the case for such investments work at different levels in their firms. A useful description of the ways private sector entities

make their decisions can be found in Justin van Fleet's Brookings Institution Working Paper 4, *A Global Education Challenge: Harnessing Corporate Philanthropy to Educate the World's Poor* (2011).<sup>11</sup> Van Fleet says corporate philanthropy and social investments are usually carried out through a department within a company, or by a corporate operating foundation. Direct corporate contributions usually come from one of the following sources: senior management discretionary budgets, corporate social responsibility departments, community relations offices, or marketing budgets. Contributions can be either cash or in-kind. The size and scope vary, and are usually determined by the office making the contribution, as related to the company's business goals. Senior management discretionary funds are usually unrestricted, whereas corporate social responsibility funds are generally targeted to specific projects. All of these contributions are informed by a company's strategic plan.

Corporate philanthropy is often conducted through foundations or trusts incorporated as distinct entities within the parent company. A foundation structure provides companies significant tax benefits. Such foundations and trusts most often incorporate the parent company's name, and corporate senior executives often serve as key officers and members of the foundation's Board.

While they may be endowed from corporate profits, these foundations operate with their own mission, independently of a company's business functions. For example, the M. A. Cargill Foundation, Ford Foundation, Bill & Melinda Gates Foundation, and the Hewlett Foundation are not corporate operating foundations, but wholly independent foundations that carry out activities driven by their own specific mission statements. Decisions in these foundations are made independently of a corporate decision-making processes. There are some development professionals who do not consider the Ford, Gates, and Hewlett Foundations when

of Partnership For Effective Development Cooperation subscribed to by 160 countries and more than 60 international organizations, expressly recognized "the central role of the private sector in advancing innovation, creating wealth, income and jobs, mobilizing domestic resources and in turn contributing to poverty reduction."

discussing the role of the private sector in development efforts because of their history and operating structures.

Van Fleet also provides an overview of the private sector decision-makers who most commonly determine a company's social development and social responsibility investments:

- **Senior Management:** The chief executive officer and other senior-level managers often sit on philanthropy boards and may play a variety of roles; their concurrence about social investments is often key.
- **Business Units:** Various business units, driven by marketing pressures or internal politics, may influence the philanthropic activities of a company.
- **Employees:** In US-based companies, employees can participate in funding decisions by serving on committees that approve recipient organizations
- **Philanthropy Directors and Staff:** The philanthropy staff is usually small and unlikely to have technical knowledge of international development issues.<sup>12</sup>

For those seeking to engage corporations in support of social development activities, the various manners of engagement considered for each level of decision making should be framed specifically by where the decision-maker works within the company and how they affect the direction of social investing and decision making.<sup>13</sup>

In order to engage in international development efforts and to implement and sustain on-the-ground programs, corporations may need to contract with a project implementer. That project implementer might be a local firm, international contractor, or international NGO. In order for a corporation to fully benefit from social investments in international development, external technical design and implementation assistance may be needed. This represents a distinct entry point for collaboration between corporations and independent contractors in development assistance, but to date it is an under-documented area with little definition.<sup>14</sup>

Recent research by Deloitte,<sup>15</sup> cited in discussions on the August 2013 e-newsletter *CSR Wire*<sup>16</sup> states that there are five key global trends accelerating corporate participation in environmental, social and governance issues in international development. Those trends are: loss of public trust in large institutions (businesses as well as government); stakeholder pressure from a growing middle class in emerging markets in China, Brazil, and India; growing demand for and constraints on natural resources; supply chain risks in globalized production of goods; and increased corporate visibility as a result of social media.

Under such pressure, private sector engagement in international development has expanded beyond philanthropy to encompass investments that are primarily intended to achieve business purposes but also have environmental or social objectives. "Shared value" and "triple bottom line" are terms increasingly used in corporate boardrooms and marketing divisions to describe the approach of using business assets to advance the following three goals:

- revenue aims of businesses (profits)
- environmental sustainability (planet)
- capabilities to provide social services (people)

There is a tendency among public and private sector development professionals to discourage talking about corporate involvement in social development as "corporate social responsibility" (CSR), or "social give-back," as if business had taken something "away," or did not already exercise social responsibility. While CSR continues to be used as a convenient short-hand term to refer to corporate activities in social development (many corporate departments are structured around the term) the concepts and terms related to "shared value" and "triple bottom line" are gaining prominence in corporate and academic discourse. Indeed, it would seem that private sector business investments and practices are in the process of a transformation to



produce “shared value” outcomes that simultaneously benefit host communities, shareholders, and the environment.<sup>18</sup>

## THE USAID CASE FOR PRIVATE SECTOR ENGAGEMENT IN DEVELOPMENT

Arguments for the private sector’s role in international development are increasingly promoted by governments (including the US, EU, and many developing countries) and multilateral development organizations (such as the African Development Bank, World Bank, and others). Governments have built on their domestic successes in public-private sector collaboration to develop needed infrastructure and social systems in domestic settings that otherwise might have proven too costly and complex for governments on their own. The term Public Private Partnership originates from this collaboration in the domestic arena between business and government, and has been applied to international development under various labels.<sup>19</sup>

USAID introduced the Global Development Alliances (GDA) concept in 2001 to reorient how it would work with partners in the international development context. Resources for international development are shifting (by some estimates, in 2013 80% of capital flows to the developing world came from foreign direct investment, private donations and remittances, and only 14% came from official development assistance), The GDA model builds on this trend and on the notion of alliances to maximize development impact, to the mutual benefit of businesses, development agencies, and recipients.<sup>20</sup>

USAID makes the case that involving the private sector through its GDA mechanism:<sup>21</sup>

- Distributes risk among partners in ways that are more equitable
- Builds long term sustainability of development investments

- Increases development program impact by gaining access to businesses’ consumer and distribution networks
- Promotes access to technologies that may be well suited to address complex problems
- Uses cutting edge business practices in developing country settings to solve development problems in a way that recipients are better equipped for a global economy
- Leverages the reputation of US Government (USG) to support private sector business goals to enhance the impact of development programs
- Taps the availability of USG (and other) treasuries to underwrite credit risk
- Supports long-term emergence of business environments that improve social indicators of developing countries for the long term.

The USAID GDA/Partnership database has not been updated since 2009,<sup>22</sup> but in 2011 secondary sources noted that between 2001 and 2010, USAID claims to have participated in more than 1,000 private sector partnerships of some kind with more than 3,000 different partners, leveraging at least \$13 billion. Because the definitions and terms for GDA have evolved over the last decade, the descriptive determinations in the GDA database are inconsistent, as are the aspects of the GDA reported and tracked.<sup>23</sup> Another US government tracking effort, in partnership with DEVEX Impact, reported in 2013 that USAID has participated in more than 1,600 partnerships with more than 3,000 entities, with a total lifetime investment of nearly \$20 billion. Because of inconsistency in data collected over time it is not possible to make definitive claims about the effectiveness of these partnerships in delivering services compared to traditional methods for delivering development assistance.

Notable GDA or Partnership related contracts in recent years include:

# 70%

## "ASIA AND THE PACIFIC REGION

attracted the most attention from [U.S.] companies that donated internationally, with a majority (70 percent) giving to this geographic area."

— Giving Beyond Borders: A Study of Global Giving by U.S. Corporations, Oct. 2013, Global Impact

**Table 1:** Selected Examples from the Past Decade

PRIMARY CONTRACTOR OR PARTNERS	SECTOR	DESCRIPTION OF AWARD
DAI	Multi-sectoral Partnerships	GDA support services to USAID, including production of Alliance manuals, evaluation of GDA
Abt Associates, local implementing firms	Health	Supported models for private sector participation in USAID health projects in India and Ethiopia – foundation of SHOPS project
Chevron DAI	Economic Growth; Democracy and Governance	Chevron contributes support to USAID for broad economic growth program, helping also build capacity of communities in Angola; Example: ProAgro Project, awarded to DAI 2004-2007 to link products to markets
Ecobank; Western Union Foundation	Economic Growth	Western Union supports Ecobank to give grants to new enterprises in Ghana
Western Union Foundation	Economic Growth	Supports economic opportunity for African Diaspora workforce
Blommer Chocolate; Olam International	Asia Agriculture	Improving cocoa production in Indonesia
Hershey, Nestles, Mars, through World Cocoa Foundation	West Africa Agri	Improving the production and harvest of cocoa in West Africa
CARE, Ford Foundation, ITS	Gender empowerment	Film and other advocacy tools for gender empowerment in five countries
PepsiCo, WFP	Food Security/Agr	Develop chickpea nutritional supplement for school feeding programs in East Africa
Meridian, Bayer, others (Catalyst Consortium)	Health	Reproductive health and contraceptive access – advocacy tools and communications in 11 countries
Bayer, others	Health	Contraceptive Security Initiative – State Dept initiative to improve access to contraception for 27 million women
Bayer, AED, Siamdutch Mosq Netting, Syngenta	Health	Improved the marketing and distribution of insecticide treated bed nets in SSA (NETMARK)
Coca-Cola, BSR, Ford Foundation	Water	Improved access to water resources in India
Coca-Cola, Save the Children, PEPFAR	HIV/AIDS, OVC	Improving the lives of adolescents affected by HIV/AIDS
Coca-Cola	Water	Global Alliance to provide access to clean water in countries where both institutions work

# CSR

## "CORPORATE GIVING OFFICERS

*identified business strategy and employee footprint as the strongest drivers for the expansion of international giving. Other reasons for expansion included societal need and revenues generated abroad."*

— *Giving in Numbers, 2013 Edition*

*The Committee Encouraging Corporate Philanthropy*

In recent years, USAID has expanded beyond its traditional use of GDA for private sector engagement. USAID Administrator Rajiv Shah articulated current policy in a June 2012 interview with *Forbes* magazine: "We should embrace greater private sector engagement in development, and identify new ways to harness the skills, technologies and innovations that companies large and small can bring to bear."<sup>24</sup> Today, in addition to GDA, USAID relies on an expansion of its Development Credit Authority program,<sup>25</sup> Development Innovation Ventures,<sup>26</sup> and a variety of Feed the Future partnership mechanisms.<sup>27</sup> USAID also is using the GDA tool in innovative ways involving multiple partners and collaborative management structures.<sup>28</sup> USAID's participation in the US Partnership for Growth Initiative provides an additional channel for private sector engagement.<sup>29</sup>

## DEFINITION OF COMMON TERMS AND MECHANISMS ASSOCIATED WITH ENGAGING PRIVATE SECTOR IN INTERNATIONAL DEVELOPMENT

Over the past decade, corporations, development institutions and contractors have experimented with various models for engaging the private sector in international development. A variety of descriptive terms, mechanisms and government offices have evolved associated with that process. There continues to be confusion around these terms and what they represent (whether offices, mechanisms, or approaches). Many strategists and policymakers have expressed a desire to "let a thousand flowers bloom." There is growing acceptance of the emerging role of private enterprise in international development, and consensus that a wide diversity of development instruments is good for sustainable international development.

One of the purposes of this report is to identify and define as many of those terms and categories as possible, based on current prevailing trends. Such clarification is lacking in existing literature, and will be helpful to both Washington-based implementing partners (including non-profit NGOs as well as for-profit contractors) and private sector companies developing strategies for private sector engagement.

### ► *USAID Cost Share*

Private sector participation in international development is not a new concept at USAID. It has been brought to many projects through the USAID procurements process in what is called cost-share. The value of cost-share is stipulated in USAID procurements and requires in-kind or cash contributions by the project implementer or another implementing partner. It can include donation of unrecovered indirects, buildings or property, or volunteered labor. Requests for Applications (RFA) and the Federal Acquisition Regulations (FAR) clearly stipulate the value of cost share as well as the criteria for meeting it. Cost share typically must be calculated in the budget of a cooperative agreement application submitted for review, and must be accounted for at close out. Cost share is an auditable contribution to a program and subject to verification. It can be seen as a way to enlist private sector partners to contribute to a project.<sup>30</sup>

### ► *Public- Private Partnerships (PPP)*

The term Public-Private Partnerships (PPP) is the highest-level rubric that captures all variety of ventures between the public sector and private sector, seeking to work together to accomplish major economic and social goals. USAID's Division of Global Partnerships, within the IDEA Office, states that one should think of PPP as a broad umbrella under which USAID's Global Development Alliances (GDA) fit. PPP are sought by many government agencies, arguing they can help make projects affordable, maximize the skills of the



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private sector, improve risk absorption among partners, improve focus on outcomes, and improve access to private sector capital. This term remains the normative term for many organizations referring to partnership work in international development, including PEPFAR, US State Department (and its Global Partnership Initiative), Global Alliance for Vaccines and Immunization (GAVI), and the Global Alliance for Clean Cookstoves (GACC). Many major global partnerships for development continue to refer to themselves as PPPs.<sup>31</sup>

► **Global Development Alliance (GDA)**

In 2001, USAID adopted the term Global Development Alliance (GDA), as a particular modality for PPPs for international development. USAID defines its GDAs as having a 1:1 leverage of USAID resources, involving a nontraditional resource partner, a jointly defined solution to a social or economic development problem, shared risks and results, and sustainability. The GDA is accessed by private sector businesses and international development contractors through an Annual Program Statement (APS), the latest of which was issued for 2014. Potential partners should discuss APS ideas with USAID Mission and Washington staff to initiate the partnership development process. GDA sectoral manuals developed under the DAI support contract are currently out of print, but online versions are available and may be useful when considering a GDA, as well as building relationships with corporations for lasting contracting partnerships.<sup>32</sup>

► **Development Credit Authority (DCA)**

The Development Credit Authority (DCA) is an office within USAID's E3 Bureau that utilizes credit guarantees to unlock private sector capital for development. Its focus applies to all USAID Missions and is not specific to any country or region.<sup>33</sup>

► **Private Capital Group for Africa (PCGA)**

The Private Capital Group for Africa (PCGA) office

within USAID's Africa Bureau was established in 2011 to focus on leveraging private sector resources and expertise to achieve development outcomes specifically for Africa. Where possible, it also makes the technical skills of USAID missions also available to the private sector in the interests of improved coordination of programs and outcomes.<sup>34</sup>

► **Private Sector Alliance (PSA)**

USAID currently uses the term Private Sector Alliances (PSA) interchangeably with the term PPP. It is not an alternative to GDA and should not distract from USAID's preference for GDA as its principal mode of private sector engagement. The emergence of USAID offices with similar names (such as the Office of Development Partners and the Private Sector Alliance Division) has created some confusion over the past five years. As of August 2013, the GDA model for private sector alliances in international work had subsumed all other terms.<sup>35</sup>

► **Private Sector Engagement (PSE)**

Private Sector Engagement (PSE) is the term used internally at USAID to describe the Agency's initiative to identify opportunities where private sector business interests are aligned with USAID development goals. This term represents an approach, rather than a modality or mechanism. In policy circles it is increasingly being suggested that this term be used to describe the conceptual approach of development implementing partners, as it allows a dual focus that encourages PPP such as Global Development Alliances, as well as direct corporate contributions or contracts that would not involve USAID.<sup>36</sup>

► **USAID's Global Frameworks**

Since 2011, USAID has developed collaboration agreements with several corporations and organizations, agreeing to seek opportunities to work together in different parts of the world where

# 38%

**"ONCE AGAIN, ECONOMIC DEVELOPMENT (38%)**

*is far and away the most pressing issue citizens want companies to address, increasing 4 percentage points since 2011... The environment (19 percent), human rights (11 percent) and poverty and hunger (11 percent) are the next most important issues consumers want companies to tackle."*

— 2013 Cone Communications/ECHO Global CSR Study

common interests and outcomes could be identified. These corporations include Cisco, Hewlett-Packard, Starbucks, Coca-Cola, Intel, Evensen Dodge, Global Sustainable Tourism, Seaboard, and Microsoft. These frameworks do not negate the GDA model, but provide as it were an MOU to seek relationships where possible, including GDA.<sup>37</sup>

► **World Bank's International Finance Corporation (IFC)**

The World Bank (WB) considers much of its work to revolve around building the capacity of the private sector economy in developing countries. The most notable mechanism of the WB that encourages investment of capital in the private sector in developing countries is the IFC. IFC makes low-cost loans available to global and local businesses for entry or expansion in target sectors that support the development outcomes of host country governments or the World Bank. The IFC launched the Inclusive Business Models Group in 2010 specifically to promote new partnership models with private sector actors.<sup>38</sup>

► **Overseas Private Investment Corporation (OPIC)**

OPIC is a USG-subsidized corporation whose purpose is to make low cost loans available to US businesses to enter high-risk economies. OPIC programs are similar to those of the IFC, as well as the PCGA. OPIC programs seek to increase the access of SMEs to credit in host countries.<sup>39</sup>

► **Millennium Challenge Corporation (MCC) (PPP terminology)**

While the Millennium Challenge Corporation (MCC) is well positioned to promote PPPs for international development, its most common mode for engaging the private sector is through standard procurement processes as program implementers, at the international and host country levels. MCC supports development of the private sector at the country level through PPPs

and engaging small and medium enterprises at the country level. It encourages host country governments to enter into PPPs and helps to build their capacity for selection and management of PPP projects. MCC also incorporates strategies to build private sector investment in country compacts where possible. The traditional model for delivering foreign assistance through private sector partners/contractors, however, does not reference the development alliance model in the manner of GDA at USAID.<sup>40</sup>

► **UK Department for International Development "Challenge Funds"**

The UK Department for International Development (DFID) has a Private Sector Department (PSD) to focus its work with that sector. PSD generally works to improve the investment climate in developing countries, engages the private sector in program development, and works directly with businesses to strengthen social services. It often utilizes the term "challenge funds" to engage private businesses through grants to establish new business ventures or improve existing ventures in developing countries. These funds are accessible through sectoral procurements (standard RFPs), coordinated through PSD. The DFID PPP and general private sector model often supports consortia (including international, local and UK-based firms) to work in developing countries.<sup>41</sup>

► **Canadian International Development Agency Public Private Partnerships (PPP terminology)**

The Canadian International Development Agency (CIDA) uses an approach to private sector engagement that is similar to USAID's. CIDA has historically used PPPs to support investment studies and pilot programs of Canadian firms in new markets in developing countries. CIDA also encourages private sector businesses to enter partnerships with NGOs to accomplish development goals that support CIDA goals. CIDA and other bilateral models often use PPPs



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to help their national businesses establish themselves in emerging markets. <sup>42</sup>

## ► *Corporate Social Responsibility*

The term Corporate Social Responsibility (CSR) is how most corporations have historically described any work that could be described as philanthropic or for social purposes beyond usual business activities. Socially-conscious work can be delivered or supported through a variety of means, including foundation-supported activities where a corporate foundation has been established for philanthropic purposes, or through CSR offices established internally to guide strategy on “social give-back.” Whether the corporation delivers such support through a foundation or its CSR office is determined by a variety of factors, often legal and related to corporate tax codes socially and environmentally conscious activities increasingly are seen as a necessary part of doing business. <sup>43</sup>

## IMPORTANT TRENDS AFFECTING PRIVATE SECTOR BUSINESS ENGAGEMENT IN INTERNATIONAL DEVELOPMENT

### *Sectors Receiving the Most Private Sector Support*

Based on anecdotal reports about corporate investments in development, and a 2007 USAID summary of its Global Alliances, it appears that corporate investment in international development has favored particular sectors. Sectors with the highest percentage of GDA partnerships included:

1. Economic Growth and Trade – 26%
2. Health – 13%
3. Environment – 13%
4. Agriculture and Food Security – 13%
5. Education and Workforce Training – 10%
6. Democracy and Governance – 8%

7. HIV/AIDS – 4%
8. IT – 4%
9. Emergencies – 4%
10. Energy – 4%
11. Family Planning – 1%

USAID and DEVEX Impact reported that by 2013, newer partnership data collected from various sources within USG indicated the following percentage of investments by sector:

1. Health – 27%
2. Economic growth – 27%
3. Environment – 14%
4. Agriculture and food security – 10%
5. Democracy and governance – 9%
6. Education – 6%
7. Women and gender equity – 3%
8. Humanitarian assistance – 2%
9. Energy – 2%

Some speculate that most corporate investment in environmental sustainability, workforce training, and economic growth is the result of specific pressures such as the decline of natural resources, and the economic and political instability caused by the untrained youth bulge in developing countries. High profile events in supply chain management (Bangladesh) have also contributed to corporate investments in workforce training and supply chain management. There has also been a concerted effort to bring the private sector into agriculture-related partnerships under the President's Feed the Future Initiative. That initiative, along with global tensions about food prices, and improved public relations for corporations, help explain the number of high profile partnerships in agriculture.

### *Growing Trend for More and Better Communications and Use of Social Media*

An increasing number of communications tools, including newsletters, blogs, corporate mission statements and social media are promoting the role

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of social responsibility in the private sector. Such communications target corporations' employees and customers alike. Some studies show that customers rank first for driving a business' sustainability efforts (37%), employees rank second (22%), and shareholders rank third (15%). Thus a company's ability to innovate and communicate about its innovations is linked through its employees as well as its customer base. The Harvard Business Review Blog (July 2013) stated the clear and growing impact of social media attention on CSR, and made the case for proactive engagement.<sup>45</sup>

## Corporate Contracts Directly with Implementing Partners

To support increased engagement by the private sector in international development efforts, relationships can be built that result in corporations working directly with implementing partners in developing countries, without USAID's involvement. Representatives of some corporations report that they would actually like to work in that way, noting that in the past they may have had as many as five inquiries from different government offices about potential partnership. In such cases, the corporation might prefer to undertake a project-driven approach through an implementing partner, because it may be more consistent with a company's own business goals (which are not necessarily USAID's development goals). This could mean there is a need for physical infrastructure to accomplish corporate goals, or it could mean that human resources or specific talents are needed in order to deliver products in target markets. In other cases, corporations are willing to invest in community economic development in order to cultivate new markets for growth. Thus, a corporation may choose to have a direct relationship with an implementing partner. The relationship may deliver outcomes for the corporation that exemplify the concept of shared value as described above. The service provided by the implementing partner delivers useful outcomes for a corporation's core business

practices while also supporting development goals. Some working in the field of private sector engagement in international development use the term "international development companies," or IDC, to designate for-profit as well as non-profit NGOs.<sup>46</sup> For the purposes of this paper the term IDC will not be used. The key issue is that any international development partner – non-profit NGO or for-profit contractor can provide services to a corporation to deliver shared value outcomes.

Table 2 is an anecdotal list of contracts by private firms with implementing partners without USAID facilitation. Some of these contracts were concluded following a tender process resembling USAID's, and others were signed after less public procedures. Illustrative maps showing private sector investment in global locations for social or environmental give-back can be found at Business Civic Leadership Center's Map for Good, or the DEVEX Social Impact website (funded by USAID).<sup>47</sup>

## Let Business Do Business

There is a growing private sector voice advocating that business contributes best to international development when it integrates social contributions with its core business practices, and then is allowed to "do business." Most academic writers and policy makers have struggled with existing models of CSR and private sector involvement in social development because emerging models seem to bifurcate social contributions from business practices, as if the two domains were antithetical. But there is a growing voice of prominent writers making the case that business qua business already makes strong contributions toward society and social development, and if social objectives are integrated into business practices it would unleash massive contributions by the private sector to sustainable social, economic and environmental development. This trend offers new opportunities to reconfigure assumptions about NGOs and PVOs as "the forces of good" while corporations and for-profit

# 86%

**"INTEREST IN INTERNATIONAL GIVING WILL**  
*persist to the next fiscal year, as more than four-fifths (86 percent) of companies that gave internationally reported planning to increase (19 percent) or maintain (67 percent) their foreign giving budget size."*

— *Giving Beyond Borders: A Study of Global Giving by U.S. Corporations, Oct. 2013, Global Impact*

**Table 2: Contracts by private firms with implementing partners without USAID facilitation**

CORPORATION	IMPLEMENTING CONTRACTOR	SECTOR
Chevron	DAI	Developed economic development strategy for Nigeria (Chevron-registered) Foundation
Chevron	DAI	Indonesia economic development
Walmart	DAI	Global program empowers women factory workers – teaches life skills, leadership, communication skills: India, China, Bangladesh, Central America
Walmart	IYF	Labor skills training for youth in Brazil
Walmart	IYF	Following Brazil model, training also in Argentina, Chile, South Africa, China
Gap, Timberland, Limited	DAI	Central America Initiative to enhance labor standards (supply chain)
Cargill	Wild Asia, Solidaridad	Agriculture
Cargill	CARE	Poverty alleviation in 8 countries
Hess Oil	FHI360	Education
Intel	World Vision	Global partnership to support education in developing countries
Caterpillar (Foundation)	CHF (Global Communities)	Vocational training to Caterpillar for Haiti affiliate; equipment donations to CHF
Caterpillar (Foundation)	CHF (Global Communities)	Labor Market, job placement in Middle East
Caterpillar (Foundation)	IYF	Youth employment skills training in 12 countries, including South Korea, Mexico, India, Jordan, Singapore
General Mills	Technoserve	Agriculture
Feed the Children (Yum Foods)	Deworm the World, Innovations in Poverty Action	Food security, Education; donation of deworming tablets
GlaxoSmithKline (GSK)	Save the Children	Child survival; rollout of new antibiotic product to help fight pneumonia
Hilton Worldwide	Vital Voices	Global initiative to reduce child trafficking
Hilton Worldwide	IYF, Room to Read	Youth development in Hilton markets; Bright Blue Futures initiative
Conrad Hilton Foundation	Abt Associates	Evaluation of the Foundation's initiative on homelessness
MasterCard Foundation	Technoserve	Youth learning for employment opportunities in Agriculture in Kenya, Uganda, Rwanda
PWC	PWC Project Team	Financial literacy course offered through schools in Belize
Amway	South Korea Government	Teach healthy habits to children in schools
Amway	Amway China Affiliate Business	Boosts resources to disadvantaged schools

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companies are seen as “interested only in profit.” One prominent South African writer even describes certain NGOs as being anti-business, and suggests that companies should not provide funding to anti-business NGOs who may in fact be considered “the enemy.”<sup>48</sup>

## Education Sector Seen to Lag in Private Sector Engagement

Education professionals with interests in CSR speculate that the formal education sector in developing countries lags behind other sectors working with private sector partners as a result of the following factors:

- Lack of public and business trust that the government education sector and workforce is free from corruption
- Lack of a constituency who can pay for services (young children and their own education)
- Lack of private sector firms at the local level ready to participate in education delivery, and therefore unable to self-regulate within the industry
- A trained cadre of teaching workforce who often view private sector delivery models as competitors
- Private sector actors often lack access to capital, qualified teachers and administrators
- Slow bureaucratic processes associated with education often lead private sector education providers to establish unaccredited institutions that have difficulty fitting into any government system
- Lack of accountability in the public sector for quality and equity.<sup>49</sup>

These obstacles to private sector engagement in education are being addressed with increasing frequency and determination by UN agencies as well as USAID and DFID. The formation of the Global Business Coalition for Education – a private sector advocacy group run by businesses to increase business investment in education – should help to

eliminate disparity in private sector funding trends. It may be said that current trends to deliver private sector support to education seem to favor approaches that provide support to government Ministries of Education as implementers of education services, rather than fostering development of private sector businesses or NGOs as alternate service providers.

## Increasing Demand for Consistent Impact Evaluation

It can be speculated that the increasing demand for consistent impact evaluation favors sectors that contribute to immediate and ongoing business success, while posing minimal risk. However the relative newness of a private sector role in international development, the reluctance of corporations to publicize their market investments or the evaluation of their investments, the inconsistency in definitions for private sector work, and USAID’s renewed emphasis on rigorous evaluation of programs, means that there is no consistent long-term evidence. Definitive qualitative judgments about the effectiveness of programs cannot be made, nor can definitive statements about the direction of investments into particular sectors, because evidence is incomplete and largely anecdotal.<sup>50</sup> This situation prompts many to call for more consistent application of monitoring and evaluation practices.

## In-Kind Contributions versus Cash Contributions

A McKinsey 2009 working document on PPP describes an emerging reluctance by corporations to make cash contributions (as opposed to in-kind contributions).

This can be explained by the fact that expectations about potential private sector contributions were often unrealistic. Most companies leverage their equity for operations so direct cash donations for philanthropic activities unrelated to their core business are a very expensive way to contribute. A second explanation is the fact that the private sector does not always see eye to eye with its public and civil sector partners

SINCE 05

"OVER THE LAST 8 YEARS, THE U.S. GOVERNMENT aid is no longer the major player in global poverty reduction, and Official Development Assistance (ODA) is no longer the sole measurement of countries' generosity. U.S. private philanthropy, remittances from migrants living in the United States to their home countries, and private capital flows each exceeds U.S. ODA."

— The Index of Global Philanthropy and Remittances 2013  
Hudson Institute Center for Global Prosperity

on how resource contributions should be made; partners often want something other than what the private sector is willing to give. For example, many companies are eager to make in-kind donations to the Global Fund, but the Fund historically has preferred to receive monetary support, which supports its policy of "country ownership," enabling recipient countries to procure products of their choice. Any trend to in-kind contributions can be viewed as an opportunity for international development contractors to market products or services that help a business enter new markets or expand (trained workers for) its core business.

#### Volunteerism as a Modality for In-Kind Support

Skills-based (or pro-bono) volunteering has become an important way of fostering employee engagement in international development. The use of the internet and virtual communications tools to link volunteers and recipients in developing countries have enhanced this trend. Employees of companies like IBM, Deloitte, and PWC have skills that could help build the capacity of NGOs and other community organizations around the world. Such volunteer programs have been encouraged by firms whose mandate is to link volunteers in developed economies with recipients in developing countries.<sup>51</sup>

#### Emphasis on ICT Programs and Innovation

There are many agencies and businesses that continue to emphasize the importance of harnessing the private sector's ability to innovate for international development, using scientific evidence and scientific methods. The computer industry in general, and specifically the Gates Foundation, have influenced this trend. There are many global consulting firms as well as small technology companies that are eager to form partnerships in the international arena in order to gain a competitive edge in emerging markets. Whatever the origin of the trend, it is an important one, and private

sector engagement with IT firms are encouraged through the USAID partnership offices.

#### Private Sector Participation in Coalitions

Many corporations working in international development participate in associations such as Businesses for Social Responsibility (more than 250 corporate members); the US Chamber of Commerce Business Civic Leadership Center (more than 100 corporate members, including Creative Associates International); the Clinton Global Initiative (more than 1200 corporate members); Global Business Coalition for Health (230 corporate members); and the new Global Business Coalition for Education (founded in 2013 with 15 corporate members). For some 20 years, these associations have provided technical and strategic guidance to corporations investing in social development in the US and overseas. Their membership seems certain to increase with the growing acceptance of social investment in international development and increasing demands for communications about CSR and consistent evaluation criteria for development ventures.

#### Emphasis on Green Building and Climate Change

The US Green Building Coalition (USGBC) has led a global trend for new construction to address environmental issues, and specifically climate change. International as well as US construction firms have responded to UN reports on climate change and the pressure within private sector coalitions such as Clinton Global Initiative (CGI) to focus on the climate. Energy companies also are very sensitive to these pressures. The September 2013 report<sup>52</sup> from the UN-sponsored *Inter-Governmental Panel on Climate Change* has increased discussion about the urgency to address private sector environmental impacts. This trend has been important in sectors directly affected – construction, agriculture, energy, health – and will be of increasing importance in all sectors.

1.6k

USAID HAS BUILT MORE THAN 1,600

alliances with a wide variety of private sector entities in the past 11 years, leveraging more than \$19 billion in public and private funds towards increasing the sustainable impact of development assistance programs.

## MODALITIES FOR PRIVATE SECTOR BUSINESSES TO ENGAGE INTERNATIONAL DEVELOPMENT EXPERTISE

There are several modalities through which the private sector can participate in international development, with or without governmental support. Some are established, well-known modalities (such as contributing to NGOs), while others are emerging modalities that may increasingly be considered as options for engagement. None of these modalities have been consistently monitored or evaluated and therefore their effectiveness compared to traditional modes of delivering foreign assistance cannot be assessed. The following section attempts only to clarify the modalities available to implement international development activities.

### Engaging Non-Profit NGOs as Development Partners

There are many non-profit NGOs involved in the business of international development, and these organizations are often viewed as the go-to implementing partners for private sector companies seeking to undertake international social development.<sup>53</sup> Some of these groups maintain their historical ties to religious denominations, such as Catholic Relief Services, and Lutheran World Relief; while others have loosened their ties to a religious tradition, such as ChildFund International. There are large international organizations without religious affiliation, such as Save the Children, as well as local organizations in countries where national governments usually have an NGO registration system. There are also non-profit companies that operate as “mission-driven” businesses. Because of their status as 501(c)3 non-profits, many of these organizations are registered as non-taxable charitable firms. But the cost structures of non-profit NGOs are not necessarily lower than for-profit companies. Universities, for example, have non-profit

status, but are perceived by many to have high indirect rate structures. For these non-profit companies, the term “non-profit” does not necessarily mean they are a charitable organization. Rather, it refers to a tax status, has implications for the use and reinvestment of indirect rates internally, and means that profits are not paid to shareholders or an owner/proprietor. The governing board of InterAction, an advocacy organization for the internationally focused NGO community, further distinguishes between 501(c)3 organizations that pay board members and those that do not.

Along with the trend toward increasing localization of development programs by governmental development agencies, there is also an increasing focus on funding and building the capacity of NGOs based in host countries. Some international NGOs have undergone complex reorganizations to ensure host country or regional branches have looser affiliate status and are registered independent NGO entities in the host country. These in-country non-profit NGOs represent a source of significant technical expertise that the private sector can directly contract with for international development programs.

While there are many facets related to the cost structures of non-profit organizations, it is undeniable that, in the ecosystem of US foreign assistance, U.S. and international NGOs may house world-class technical expertise to be engaged by corporations in service of international development goals, at the local or international level.

### Engaging For-Profit Companies as Development Partners

There are many for-profit companies involved in the business of international development. There are business consulting firms that provide consulting services to governments to improve information systems and service delivery. There are contracting firms that implement large scale foreign assistance for the USG and are repositories of technical expertise



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accessible to private corporations seeking to engage in international development. Literature documents the emergence of these for-profit firms and the technical expertise they provide in development assistance.<sup>54</sup> In the evolving world of business enterprise and the role of the private sector in development, the emergence of business models like the social enterprise, as well as debates about amending corporate charters to allow consideration of shared value outcomes to drive investment and business practices are very interesting developments. Several for-profit development companies were founded as small businesses by women and other minorities and have blended missions – seeking profit at the same time as seeking positive social outcomes. Had the notion or mechanism of a social enterprise existed at the time these businesses were founded, many would have been cutting edge models of socially conscious profit seeking businesses – whose shared value outcomes simultaneously built capacity in communities, and delivered social outcomes while generating profit for their owners – many of whom are women, or members of minority groups. Some of these for-profit companies are also employee-owned.

Non-profit and for-profit implementing partners have two key interests in expanding the role of the private sector in international development:

- Given the prominence of government-funded programs in international development, it is important that engaging the private sector increases the competitiveness of business proposals to USG and other governments insofar as they seek to increase the number of private sector partners and their role in development. Increasing the role of private sector partners is important for all the reasons described above in the USG case for partnership with the private sector to improve development outcomes.
- Engaging the private sector in international development work with and without USG increases the likelihood that corporations will transform their business investments and practices to achieve

shared value outcomes, benefiting communities and the environment as well as shareholders. It would be a systemic change toward this end if corporations became regular contributors to, and direct clients of, development partners for international development work. Under such circumstances:

- An implementing partner may be sought by a private sector firm for technical assistance, to design strategy or implement activities in international development.
- An implementing partner may be sought by a private sector firm to deliver, manage, or evaluate its international development activities.

There are significant benefits for corporations engaging international development implementing partners, especially when they do not have adequate technical staff in-house to design, implement, manage, or evaluate projects on the ground. Whether a corporation engages a for-profit partner or a non-profit NGO, the technical expertise available through these implementing partners is a strategic asset for US development and foreign policy, and should be actively sought. Once corporations begin to tap the strategic resources of such implementing partners, there is no reason to be dependent on USAID or US DOS to craft development strategy. These implementing partners bring value in at least six specific areas:

- Crafting social development strategy with all stakeholders, including development agencies, host country governments, and community level beneficiaries
- Improving the effective delivery of social interventions and strengthening infrastructure in education, workforce, and community development, economic growth, and health
- Facilitating relationships between business and host-country government
- Providing project-specific reporting and detailed accounting based on USG standards
- Serving as a business' on-the-ground social services representative

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- Evaluating the impact of development programs.

While corporations have tended to turn to non-profits and non-governmental/private voluntary organizations (NGOs) for technical design and ongoing project implementation, there is growing awareness that valuable implementing partner expertise can also be accessed through for-profit international development companies. One of the goals of this paper, and the summary of modalities here, is to help familiarize private sector decision-makers with the resources at their disposal and to increase the variety of partners and strategies corporations undertake to participate in international development.

## Corporate Cash Contributions to a Development Agency; Co-Funding a Framework

There are very few examples of a multinational corporation making a significant contribution to a USAID Mission to fund the Mission's framework of development goals in a specific country. There is little indication that private sector companies have the ability to put significant financial resources toward such broad development goals. One of the few examples of this kind of support is Chevron's contribution to USAID/Angola to support overarching development goals that foster a stable economic environment. Corporate representatives indicate that funding is much more likely to be mobilized for specific social and development goals that may be linked more directly to the companies' interests, without the encumbrance of USAID and USG implementation and reporting requirements.

## Development Impact Bonds, or Social Impact Bonds

Social Impact Bonds were developed to facilitate public investment in social outcomes. Development Impact Bonds were developed specifically to focus on social outcomes in developing countries. The UK-based non-profit organization Social Finance clarifies that Social Impact Bonds were originally created to

reduce the risk to the public sector for provision of social services, and improve the outcome of public social services. Both categories of bonds repay investors as data on successes and failures flow in, but Development Impact Bonds payments become the responsibility of international development agencies such as USAID or DFID. Social Impact Bonds may be used to improve investment and outcomes on domestic social services in Europe or the US, and would be repaid by municipal entities along with other municipal bonds. These innovative bonds are designed to encourage investment in social service provision, and have been launched only recently, between 2010 and 2013, and their implementation has yet to be tested in any significant way.

## Social Yield Notes, or Social Yield Option Notes

Social Yield Notes, or Social Yield Option Notes, are innovative instruments allowing individual social investors, corporations and government agencies to support a major initiative and gain economic and social returns from their investment.<sup>55</sup> Social Yield Option Notes (SYON, or SYN) are an elaboration of the Social Impact Bonds and Development Impact Bonds described above, but with additional innovation linked to new legal hybrid company structures that allow different returns to different investors. They are attracting particular interest in the education sector in the US (specifically in the state of Utah) as well as in global policy circles such as the Global Partnership for Education. It can be argued that these instruments move the model for investing in social services from a model of bilateral grants (foreign aid) to an equity framework, assuming the equity is valued as a function of the delivery of social outcomes. If they work as intended, an implementer would create a limited liability company to issue SYNs based on achieving future savings or benefits from meeting social development goals – such as education – driven by an agreement or strategy negotiated with the government. If successful

# 97%

*"IN 2013, 97 PERCENT OF COMPANIES REPORTED having an operating budget dedicated to corporate citizenship. In 2010, 81 percent of companies reported devoting financial resources to corporate citizenship. Thirty percent of companies reported an annual corporate citizenship budget of at least \$1 million in 2013, a 25 percent increase from 2010."*

— Profile of the Practice 2013  
Boston College Center for Corporate Citizenship

the SYNs could be traded on the market like other bonds, and thus could create added liquidity for social sector services. This model of social investment has yet to be tested in any significant way, in terms of the delivery of social services or in terms of satisfactory return to multi-stakeholder investors. But in theory it would provide corporations as well as individual investors a new option for supporting positive social impact in developing countries.

## ENDNOTES

<sup>1</sup> "Kharas, Homi, Reimagining the Role of the Private Sector in Development," <http://www.brookings.edu/research/reports/2013/09/bbr-private-sector-development>.

<sup>2</sup> The G20 summit declarations are available at the website of the G20 Information Centre, University of Toronto, <http://www.g20.utoronto.ca/summits>.

<sup>3</sup> See <http://b20coalition.org>.

<sup>4</sup> Busan Partnership Declaration, 2011, paragraph 32, <http://www.oecd.org/dac/effectiveness/busanpartnership.htm>.

<sup>5</sup> "A New Global Partnership: Eradicate Poverty And Transform Economies through Sustainable Development," May 2013, <http://www.post2015hlp.org/the-report/>.

<sup>6</sup> "Fact Sheet: US Global Development Policy," <http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy>. See also Podesta, John, and John Norris, "The Role of the U.S. Government in Promoting Private Sector Development Solutions" 2013 Brookings Blum Roundtable: The Private Sector in the New Global Development Agenda, The Brookings Institution, <http://www.brookings.edu/research/reports/2013/09/bbr-us-government-private-sector-development>.

<sup>7</sup> See "Driving Inclusive Economic Growth: The Role of the

Private Sector in International Development," Report of the Standing Committee on Foreign Affairs and International Development, House of Commons, November 2012, <http://www.parl.gc.ca/content/hoc/Committee/411/FAAE/Reports/RP5732913/faaerp06/faaerp06-e.pdf>.

<sup>8</sup> "Increasing the Impact of EU Development Policy: an Agenda for Change," Council of the European Union, May 2012, paragraph 9. Strengthening the role of the private sector in achieving inclusive and sustainable growth was a principal theme of the November 2013 European Union Development Days consultation in November 2013. See <http://eudevdays.eu/topics/private-sector-and-development-what-role-does-private-sector-have-transformative-agenda>. See also see the published roadmap for the planned EU Communication "Strengthening the Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries," September 2013, [http://ec.europa.eu/governance/impact/planned\\_ia/docs/2014\\_devco\\_001\\_private\\_sector\\_communication\\_en.pdf](http://ec.europa.eu/governance/impact/planned_ia/docs/2014_devco_001_private_sector_communication_en.pdf).

<sup>9</sup> OECD statistics report that for 2011 three-fourths of financial flows to developing countries were from sources other than official development assistance and that 80 percent of those non-ODA flows were from the private sector. See Resource Flows Beyond ODA in DAC Statistics, <http://www.oecd.org/dac/stats/beyond-oda.htm>.

<sup>10</sup> McKinsey working document, Public-Private Partnerships: Harnessing the Private Sector's Unique Ability to Enhance Social Impact (December 2009); PWC paper on PPP, Delivering the PPP Promise: A Review of PPP Issues and Activity; Personal communication with Western Union CSR representative Talya Bosch (October 2012).

<sup>11</sup> See van Fleet, Justin, A Global Education Challenge: Harnessing Corporate Philanthropy to Education the World's Poor, Working Paper 4, Brookings Institution (April 2011) p. 7- 15, pp. 30-35.

<sup>12</sup> van Fleet provides a succinct breakdown of decision makers in *A Global Education Challenge: Harnessing Corporate Philanthropy to Education the World's Poor*, Working Paper 4, Brookings Institution (April 2011) pp. 30-35.

<sup>13</sup> *Ibid.* Personal communication with Justin van Fleet, Brookings Institution, 2012.

<sup>14</sup> Personal communication, Justin van Fleet, Brookings Institution (2012).

<sup>15</sup> For a concise brief description and links to the full Deloitte report *Business Trends 2013* in PDF see [http://www.syntao.com/CSRNews/CSRNews\\_Show\\_EN.asp?ID=16344](http://www.syntao.com/CSRNews/CSRNews_Show_EN.asp?ID=16344).

<sup>16</sup> See *CSR Wire* August 2, 2013 Talkback discussion of Deloitte research at: <http://www.csrwire.com/blog/posts/959-five-global-trends-leading-a-growing-corporate-interest-in-esg-issues>.

<sup>17</sup> Ross, Susan Rea, *Expanding the Pie: Fostering Effective Non-Profit and Corporate Partnerships*, Kumarian Press (2012) pp. 80-83.

<sup>18</sup> Landman, Robert, "Developing Local Economies: Creating Shared Value through Inclusive Value Chains," unpublished paper, Creative Associates (2013), pp. 1-2.

<sup>19</sup> Personal communication with Global Partnership Team, USAID (August 23, 2013); see also McKinsey and Company, *Public-Private Partnerships*, working Document (2009), *passim*.

<sup>20</sup> Lawson, Marian Leonardo, "Foreign Assistance: Public-Private Partnerships," Congressional Research Service (June 2011) p. 1-3.

<sup>21</sup> See USAID GDA link at <http://www.usaid.gov/gda>.

<sup>22</sup> Link to the database may be found at url <http://gda.usaid.gov/alliances/index.asp?s=SVHTWWJYBVBXBPDSHGDMHRBQYLYTQYNT>.

<sup>23</sup> *Ibid.*, Lawson (2011).

<sup>24</sup> <http://www.forbes.com/sites/rahimkanani/2012/06/19/usaid-chief-rajiv-shah-talks-philanthropy-innovation-transparency-and-more/>.

<sup>25</sup> <http://www.usaid.gov/what-we-do/economic-growth-and-trade/development-credit-authority-putting-local-wealth-work>.

<sup>26</sup> <http://www.usaid.gov/div>.

<sup>27</sup> <http://www.feedthefuture.gov/private-sector>.

<sup>28</sup> See examples at <http://www.usaid.gov/gda/alliances-action>. For data concerning regional, sectoral, and industry distribution of USAID partnerships see Zulenovic, Z. Joe, "Data reveal trends in USAID's global partnerships for

development," *Devex*, May 2013, <https://www.devex.com/en/news/partnerships-for-development-what-do-the-data-tell/80898>.

<sup>29</sup> See <http://www.usaid.gov/news-information/fact-sheets/partnership-growth>.

<sup>30</sup> There are many resources to consult for definitions of cost share, but ultimately these are subject to each procurement (RFP) and the Federal Acquisitions Regulations for the issuing agency.

<sup>31</sup> See USAID GDA url at <http://www.usaid.gov/gda>; Lawson, *ibid*; *Public-Private Partnerships: Harnessing the Private Sector's Unique Ability to Enhance Social Impact*, McKinsey and Company Working Document (2009); Urio, Paolo, *Public Private Partnerships: Success and Failures for In-Transition Countries*, University Press of America (2010) pp. 32-35; Farquharson, Edward, et al, *How to Engage with the Private Sector in Public-Private Partnerships in Emerging Markets*, World Bank (2011) pp. 1-3, pp. 16-23.

<sup>32</sup> Personal communication with Global Partnerships Team, USAID (August 23, 2013). See USAID url for current GDA definition and mechanism, as well as the sectoral manuals <http://www.usaid.gov/gda>; see also IDEA Office url at <http://www.usaid.gov/who-we-are/organization/independent-offices/office-innovation-and-development-alliances>.

<sup>33</sup> Personal communication with Global Partnerships Team, USAID (August 23, 2013); see also url <http://www.usaid.gov/what-we-do/economic-growth-and-trade/development-credit-authority-putting-local-wealth-work>.

<sup>34</sup> Personal communication with Global Partnerships Team, USAID (August 23, 2013); see also url <http://www.usaid.gov/news-information/fact-sheets/private-capital-group-africa>

<sup>35</sup> Personal communication with Global Partnerships Team, USAID (August 23, 2013).

<sup>36</sup> Personal communication with Global Partnerships Team, USAID (August 23, 2013); see also Nelson, Jane, "Private Sector and Aid Effectiveness," in *Catalyzing Development: A New Vision for Aid*, edited by Kharas, Homi, et al., Brookings Institution Press (2011) pp. 84-87; Brainard, Lael and LaFleur, Vinca, "The Private Sector in the Fight Against Global Poverty," in *Transforming the Development Landscape: the Role of the Private Sector*, Brookings Institute Press (2006) pp. 7-11.

<sup>37</sup> Personal communication with Office of Development Planning, Bureau for Africa, USAID (August 23, 2013); personal communication with Global Health Fellows representative (September 23, 2013).

<sup>38</sup> See the WB IFC url at [http://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/home](http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/home) and the Annual Report on the Power of Partnerships

at [http://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/annual+report/2013\\_online\\_report/2013\\_printed\\_report/ar2013](http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/annual+report/2013_online_report/2013_printed_report/ar2013)

<sup>39</sup> See the OPIC url at <http://www.opic.gov/>.

<sup>40</sup> Consult the MCC url for language and reference to its approach to private sector engagement at <http://www.mcc.gov/pages/business/engagement>. An excellent toolkit has been developed and is available on the website providing guidance to host country governments for building and managing successful PPPs.

<sup>41</sup> See the DFID url from the Private Sector Department at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/210397/private-sector](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210397/private-sector)

<sup>42</sup> The CIDA url on private sector engagement can be found at [www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-611142352-PKY](http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-611142352-PKY).

<sup>43</sup> There are several current sources that provide comprehensive discussion and definition of CSR and related concepts and strategies. A solid resource for definition is Hopkins, Michael, *Corporate Social Responsibility and International Development: Is Business the Solution?*, Earthscan (2007) pp. 33-43.

<sup>44</sup> Dewar, Tom, *Evaluating Global Development Alliances: An Analysis of USAID's Public-Private Partnerships for Development*, USAID (DAI), Washington, DC (2007) pp. 41-42.

<sup>45</sup> For discussion about communication and social media's role see Sustainable Business Forum, January 2013, at <http://sustainablebusinessforum.com/craneandmatten/78596/top-5-csr-trends-2013>. See also the Harvard Business Review Blog at <http://blogs.hbr.org/2013/07/how-the-voice-of-the-people-is/>.

<sup>46</sup> Runde, Daniel, and Savoy, Conor, *The Ecosystem of US International Development Assistance: A Development and Foreign Policy Strategic Asset*, Center for Strategic and International Studies (2012) passim.

<sup>47</sup> The BCLC Map for Good can be found at url <http://csr.bclcmaps.com/#/>; the DEVEX Impact site may be found at <https://www.devex.com/impact/partnerships>; it is often difficult to get particulars about corporate contracts with implementing partners due to the nature of this proprietary information. Information available is often anecdotal information.

<sup>48</sup> See Bernstein, Ann, *The Case for Doing Business in Developing Economies*, Penguin Books (2010) pp. 313-321, pp. 363-367; Brainard, Lael and LaFleur, Vinca, "The Private Sector in the Fight against Global Poverty," in *Transforming the Development Landscape: the Role of the Private Sector*, edited by Lael Brainard, Brookings Institution Press (2006)

pp 1-19; Garriga, Elisabet and Mele, Domènec, "Corporate Social Responsibility Theories: Mapping the Territory," in *Journal of Business Ethics*, Vol. 53 (2004) pp. 51-53; Nelson, Jane, "The Private Sector and Aid Effectiveness: Toward New Models of Engagement," in *Catalyzing Development: A New Vision for Aid*, edited by Homi Kharas, Koji Makino and Woojin Jung, Brookings Institution Press (2011) pp. 83-95; Nelson, Jane, "Leveraging the Development Impact of Business in the Fight against Global Poverty," in *Transforming the Development Landscape: the Role of the Private Sector*, edited by Lael Brainard, Brookings Institution Press (2006) pp 41-51. See also a recent paper released by the Brookings Institution (September 2013) *Investment in Global Education: A Strategic Imperative for Business*, that proposes an untried concept for businesses and securities firms – trading in Social Yield Notes (SYN) - that would accrue and be traded by businesses much like another model - trading in Carbon Credits. See pp. 31-34.

<sup>49</sup> Personal communication with African education and CSR specialist, Washington, DC (July 2013); see also University of Sussex, UK document entitled "Education: Would Public Private Partnerships Work?" available in the Eldis-id21 Archive through an Eldis search at <http://www.eldis.org/go/home&id=45982&type=Document#.UkmsXc1OEno>. The full report and other documents pertaining to education are also available there.

<sup>50</sup> Personal communication with representative of Global Health Fellows specializing on private sector health partnerships, September 23, 2013. See also an important site dedicated to helping companies measure impact in CSR at True Impact, <http://www.trueimpact.com/>.

<sup>51</sup> This trend in pro-bono volunteerism has featured prominently in the BCLC and BSR conferences in 2012, and in CSR Wire in 2013. For an example, see also American Express Blog on CSR trends at url <http://about.americanexpress.com/csr/csrnow/csrn068.aspx>.

<sup>52</sup> For all publications of the panel see the IPCC url at <http://www.ipcc.ch/>.

<sup>53</sup> van Fleet, Justin, *A Global Education Challenge: Harvesting Corporate Philanthropy to Education the World's Poor*, Brookings Institution Working Paper 4 (2011) pp. 33-35; Ross, Susan Rae, *Expanding the Pie: Fostering Effective Non-Profit and Corporate Partnerships*, Kumarian Press (2012) pp. 13-14.

<sup>54</sup> Barclay, Tony, *50 Years in Development: How Private Companies Adapt and Deliver*, Council of International Development Companies (2012).

<sup>55</sup> Winthrop, Rebecca, Bulloch Gib, Bhatt, Pooja, and Wood, Arthur, "Investment in Global Education A Strategic Imperative for Business," Sept. 2013.

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