Scaling Partnerships and Private Sector Engagement at USAID: Recommendations for the Biden Administration

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The world that the Biden administration is inheriting has changed drastically in the last 12 months. With shifting geopolitical dynamics, a global pandemic, and economic crisis, the administration must ensure that six decades of development progress are not lost. These dramatic circumstances also create opportunities to challenge outdated paradigms about how development gets done.

Seizing this moment will require the administration to "think outside the box," to bring every available resource—from government, industry, philanthropy, civil society—to the table. If the Biden administration can harness the combined strengths of the US government (USG) and the private sector at scale, it can drive transformational change.

Since the creation of the Global Development Alliance in 2001, USAID has become increasingly intentional about integrating private sector engagement (PSE) and partnerships to catalyze sustainable development. With the launch of the Agency-wide [PSE policy](#), USAID created a strong mandate for incorporating the private sector throughout the Agency's programming cycle. It has also established a dedicated PSE Hub within USAID/Washington to support the adoption of the policy.

While these are critically important steps, private sector engagement and partnerships too often remain at the periphery of the Agency's development programming. USAID continues to rely primarily on traditional acquisition and assistance mechanisms, and often, its engagement with the private sector is reactive and opportunistic. Here, the Biden administration has an opportunity to build upon USAID's successes and lessons learned and move private sector engagement and partnerships to the very center of the development agenda.

The purpose of this paper is to (a) highlight some key challenges facing the private sector when partnering with USAID and (b) provide the Biden administration with some tangible, practical recommendations to address those challenges and scale private sector engagement and partnerships. In doing so, the new administration can unlock the full power of collaboration to fight COVID, mitigate the climate crisis, and address other pressing development priorities.

Recommendations to Scale Private Sector Engagement and Partnerships at USAID

Over the last several weeks, we canvassed select USAID private sector partners to gain perspective on the challenges they face when collaborating with USAID. We also spoke with partnership builders in the global development community to better understand their points of view.

First, and importantly, the private sector very much values USAID as a partner. As the world's largest development agency, USAID has access to "patient capital" in the form of billions of dollars in funding. It also has considerable technical expertise and a vast network of Missions and implementing partners in dozens of countries around the world. Yet, USAID, as an institution, was never set up to collaborate with the private sector. Its policies, procedures, and processes are designed to work with USAID's long-standing network of implementing partners (private contractors and NGOs).

What's more, USAID has long valued narrow domain or sectoral expertise, which has created numerous silos inside the Agency. USAID's decentralized structure—a major asset in most circumstances—often makes it difficult for the Agency to make clear decisions quickly.

These challenges are significant yet fixable. We'd argue that to scale private sector engagement and partnerships at USAID, the Biden administration should focus much of its effort inward to address internal Agency processes, policies, and culture. The encouraging news here is that USAID has already laid a solid foundation to address many of these issues through its recent reorganization. What follows are actionable recommendations that will help USAID increase the speed at which it collaborates, the transparency with which it operates, and its ability to be a full-fledged partner to the private sector.

Challenge 1: How to Make USAID Work at the Speed of Business.

It can take more than a year to negotiate a partnership with USAID. This protracted timeline makes it difficult for business professionals to make and then sustain the case for a partnership inside their companies. Worse, partners can spend a year or more working on a partnership only to learn that, for USAID procurement or budgetary reasons, the partnership is not viable. Inside partner companies, this means that champions expend finite political capital in their organization, only to have the initiative end in failure or delayed for an extraordinary period of time. This leads to cynicism when future opportunities arise. In cases where USAID decides not to partner, the Agency needs to get to "no" much more quickly to ensure it's not stringing companies along.

There are several ways USAID can streamline its own internal partnering processes and procedures to speed the process of partnering:

Integrate USAID procurement specialists as full participants in partnership development.
USAID contracting and agreement officers and specialists play a critical role in private sector engagement and partnerships. They alone hold the authority to commit US government funds to a partnership. Too often, however, contracting and agreement officers are brought into a partnering process very late, resulting in considerable delays as contracting and agreement officers must then renegotiate key terms of a partnership to bring it in line with government requirements. As a development agency that operates largely through procurements, USAID needs to ensure that contracting and agreement officers are part of the partnering process from the outset.

Create a dedicated cadre of PSE professionals within the Office of Acquisition and Assistance (OAA).
USAID should establish a dedicated Partnership/PSE Advisory Team within OAA to support their colleagues in Washington, DC, and in Missions through direct support, troubleshooting, and PSE/partnership guidance and tools for the procurement community. Here, the Agency may want to consider the experience of the Department of Homeland Security's Procurement Innovation Lab. A USAID PSE advisory team of acquisition and assistance professionals could be the "one stop shop" to assist Missions in forging partnerships more quickly.

Establish a Rapid PSE Program Support Capability in USAID/Washington.
USAID Missions are well positioned to forge private sector partnerships but often do not have the staff time or resources required to move quickly. For PSE, USAID could potentially adapt an existing model: USAID's Office of Transition Initiatives (OTI) operates with a unique, rapid response approach to support USAID Missions with transition design and programming through co-funding and pre-competed contracts (e.g., the SWIFT and START IDIQs). This robust suite of capabilities enables USAID and its Missions to move much more quickly than they can through traditional programming methods.

The OTI model could inform the development of a Rapid PSE Program Support Capability (perhaps based out of the PSE Hub). This new resource would provide full-spectrum PSE support to Missions and Bureaus, including partnership design; surge staffing; facilitation expertise; quick start-up support; seed funding; and pre-competed implementation awards, which could be appropriately channeled through both acquisition and assistance instruments.

Dedicate Mission-level funds for partnerships that align with their Country Development and Cooperation Strategy (CDCS).
USAID Mission budgets are frequently fully mortgaged, meaning Missions often have no budget available to program toward partnerships. This leads to missed opportunities. USAID should consider dedicating a percentage of Mission budgets to partnerships that are in alignment with their CDCS. These funds could be programmed into standalone partnerships, such as Global Development Alliances, or integrated into projects where the implementer would be responsible for building and managing the partnership.

Amend Global Development Alliance and PSE guidance to take fuller advantage of established and nascent relationships between USAID implementing partners and the private sector.
USAID guidance has discouraged implementing partner-led alliances, and, as a result, USAID is missing out on PSE opportunities that implementers can bring to the table. Further, in some instances, a corporate partner may have a long-standing relationship with an implementer and could bring them into the design process to speed co-creation and partnership development.

Establish dedicated Partnership Facilities at select USAID Missions.
In countries such as Colombia, Vietnam, India, and Kenya, where there is a robust and dynamic private sector, USAID should consider establishing dedicated partnership facilities. Modeled after Challenge Funds, such as the [Africa Enterprise Challenge Fund](#), a USAID Partnership Facility would have the ability to invest in partnerships via grants and/or technical assistance as well as provide monitoring & evaluation and communications support. This would allow USAID staff to focus on partnering strategy and engagement, while leaving much of the day-to-day management for partnership implementation to a project management firm or NGO.

Limit the use of memoranda of understanding (MoUs).
USAID and its private sector partners invest enormous amounts of time negotiating MoUs as part of the partnership process. These documents are not legally binding—they are essentially symbolic and have little practical value—since USAID must still go through its lengthy procurement processes before the Agency can make any meaningful financial commitment to partner.

The time and political capital spent negotiating these MoUs would be better spent co-creating the partnership, addressing procurement requirements, and agreeing on areas of execution and governance. MoUs should be limited to those instances where they are additive to the partnering process or required by partners. (For example, in negotiating large, multi-stakeholder initiatives, MoUs can be powerful tool for signaling commitment to prospective partners.) In many instances, brief letters of commitment or intent can be used to document the intention to collaborate without requiring lengthy legal negotiations.

Challenge 2: How to Help the Private Sector Better Navigate USAID.

For a business professional, the world of global development can seem opaque and insular with its highly specialized lexicon, unclear objectives, endless acronyms, and strange ecosystem of government agencies, NGOs, and for-profit contractors. It can be very difficult for outside partners, particularly the private sector, to know what USAID does, how it operates, and when and how decisions regarding partnerships get made.

For example, private sector partners are often surprised to discover that they will not be implementing a partnership side-by-side with USAID, which instead typically relies on its ecosystem of NGOs and contractors for implementation. Many companies are also surprised by USAID's decentralized structure, where its Missions often have a very strong say in whether, when, and how a partnership moves forward in-country. Here, USAID can consider taking a couple of straightforward steps to manage the expectations of company partners, build trust, and help the private sector better understand and navigate working with USAID.

Create a USAID Explainer/USAID 101 microsite targeted at business professionals.
USAID has developed some helpful resources for new implementing organizations on how to work with USAID through traditional procurements. The Agency had taken a similar approach in the past when it created the Global Development Alliance and could resurface and update these materials on its website. A USAID 101 microsite for companies could explain how to work with USAID through partnership and collaboration, with dedicated material to explain USAID and its operating model in simple, easy-to-understand terms. Such a microsite could include short (3-5 minute) video explanations of USAID's role in the USG, its organizational structure, how it operates (including procurement processes), the role of its Missions and implementers, as well as the various entry points—e.g., the Global Development Alliance, Broad Agency Announcements (BAAs), the Annual Program Statement (APS), etc.—for companies to engage with the Agency.

Establish a partnership advisory support service for private sector partners.
USAID has established a small cadre of Relationship Managers to support engagement with long-standing corporate partners. For these select companies, the Relationship Manager has been an important and helpful resource. However, private sector partners who are new to USAID are essentially left on their own to navigate the Agency when negotiating a partnership. To help new private sector partners better engage with USAID, the Agency should establish some form of partnership advisory support service that can help prospective partners better understand USAID processes and respond to requirements. Implementing partners can help advance the work of the partnership advisory support service, as NGOs and contractors often play an important intermediary role to strengthen corporate understanding of USAID processes.

Challenge 3: How to Align USAID Contracting and Award Agreement Mechanisms with the Principle of Partnership.

Because USAID gets much of its work done through procurements, most USAID partnerships with the private sector involve some form of USAID award mechanism, whether acquisition or assistance. Partnerships, by definition, are non-hierarchical, yet USAID's primary mechanisms—contracts and cooperative agreements—are designed to put USAID very much in a position of control. This runs counter to the spirit of collaboration required for successful partnerships.

Consider greater use of grant authorities for USAID's contributions to partnerships.
In recent decades, USAID has largely moved away from the use of grants, instead making far greater use of cooperative agreements and contracts, which give USAID much greater oversight and control in a relationship. USAID grants, by contrast, have far fewer such requirements and better align with the principles of partnership and collaboration. USAID grants are also often the most appropriate mechanism for new and underutilized local implementing partners, who are frequently unable to participate in private sector partnerships when more complex award instruments are used to procure implementation services from NGOs. USAID should explore expanding the use of grant authorities in partnerships with the private sector.

Revisit the Collaboration Agreement and USAID's "other transaction authority" (OTA).
In the mid-00s, USAID experimented with the use of a new type of instrument—the Collaboration Agreement—for partnerships. The Collaboration Agreement was meant to leverage USAID's "other transaction authority" (i.e., exploring mechanisms other than a contract, grant, or cooperative agreement) to enable USAID to work in partnership with the private sector. As the Agency looks to better tailor its instruments to the principles of partnership, it should revisit the Collaboration Agreement and OTA for insights into new approaches.

Encourage results measurement that captures both development and business outcomes.
Very often, USAID focuses results measurement only on the development outcome(s) it is hoping to achieve through a private sector partnership. Far less often does USAID also measure the business value created through that collaboration. Since its initial efforts under USAID Forward, the Agency has made some tentative steps in this direction. But there is more to be done if USAID is to have the data and insights needed to speak more authoritatively on how different types of partnerships benefit society as well as businesses themselves. It will also demonstrate that USAID understands the private sector's core business and the value partnerships can potentially add. However, it will be important for USAID not to create

burdensome reporting requirements without clarity around its purpose, and there may be some reluctance on the part of private sector actors to disclose measurable business value.

Challenge 4: How to Foster a Culture of Collaboration within USAID.

USAID, as a large and decentralized institution, can sometimes struggle to collaborate effectively with company partners. The Agency also faces significant hurdles to *internal collaboration* across technical sectors, Missions, bureaus and offices, which hinder USAID's ability to be a strong, responsive, and reliable partner to the private sector.

It is critical that USAID make a concerted and sustained effort to develop a culture of collaboration—with external partners, but perhaps even more importantly within the Agency itself. Specifically, USAID should consider:

Create a PSE position/backstop within the Foreign Service.
A critical element of changing USAID's culture is recognizing the importance of private sector engagement (PSE) as a professional skillset and career track within the Agency. A Foreign Service PSE Backstop would be a specialized role focused on the promotion of PSE and partnership across a Mission's development portfolio. This professional would work within their assigned country to cultivate networks and relationships with the private sector; help Mission staff identify, prioritize, and activate partnership opportunities; and gather and assess data on PSE and partnerships.

This new position would place significant emphasis on the essential soft skills—empathy, authenticity, comfort with ambiguity, responsiveness, and contextual intelligence—needed for effective collaboration. Integrating a PSE function into the Foreign Service would send a strong signal inside the Agency and enhance USAID's ability to recruit, develop, and retain the right talent.

Clarify the Relationship Manager job mandate.
USAID is to be applauded for creating Relationship Managers under the Obama administration to help coordinate and provide a central point of contact for key private sector partners. However, the effectiveness of these Relationship Managers varies widely based on knowledge, training, and personality. Here, USAID should better clarify the Relationship Manager job mandate and ensure that those placed in the role have the knowledge, skills, and resources to be successful.

Incentivize USAID Operating Units and staff to collaborate across silos.
USAID should consider further incentivizing internal collaboration through the creation of staff awards and recognition for working across teams and offices in support of PSE.

Incorporate PSE in Agency policies and strategy.
USAID's Bureau for Policy, Planning and Learning (PPL) plays an important role in fostering greater policy coherence across the Agency. PPL—in partnership with regional bureaus, global technical bureaus, and Missions—can ensure private sector partnerships are integrated and coordinated across the Agency as it reviews strategies and policies.

Looking Forward: Scaling Private Sector Engagement for Transformative Development Impact

The Biden administration comes to office facing unprecedented challenges: a crisis of political legitimacy in the US, a global pandemic, economic disruption, spiraling federal deficits, and the quest for social and racial justice. Tackling these enormous issues will require incredible resolve and determination. It will also require engaging with the private sector around the globe at scale. Here, the Biden administration and USAID have a significant opportunity to have a transformative impact on how the work of global development gets done in coming decades.

The recommendations in this paper are not terribly glamorous. Enacting them will require dedication and long-term commitment. But if the Biden administration leans in and commits itself to the hard work of upgrading USAID's systems and transforming its culture, the Agency can be at the vanguard of engaging the private sector to help countries around the world transition from crisis to recovery and renewal.

Contributing Organizations

Resonance is a mission-driven global consulting firm. We work with changemakers in companies and the international development community to solve pressing development and sustainability challenges and generate market opportunity. We deliver innovation, partnership, and market-led solutions that create transformative results for communities and companies worldwide.

The International Youth Foundation (IYF) stands by, for, and with young people. Founded in 1990, IYF is a global nonprofit with programs directly benefiting 7.7 million young people and operations spanning 100 countries so far. Together with local community-based organizations and a network of corporate, foundation, and multilateral partners, we connect young people with opportunities to transform their lives. We focus our youth development efforts on three linked objectives: unlocking agency, driving economic opportunity, and making systems more inclusive.