THE BROOKINGS INSTITUTION
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BUSINESS ENGAGEMENT IN USAID PUBLIC-PRIVATE PARTNERSHIPS

Washington, D.C.
Tuesday, March 8, 2016

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P R O C E E D I N G S

MR. INGRAM: I'm George Ingram. I'm a senior fellow here at Brookings. We are here because we have just released a paper on USAID's Public/Private Partnerships. And because there are different uses of the term, I want to make sure what we are talking about today and what we are not talking about.

And we've identified three different main uses of the term. The first in what I would call contracting or infrastructure PPPs as used principally by the World Bank, other international development institutions, U.S. state governments. It really is a contracting relationship with a private company to finance and build a piece of public infrastructure with a company getting compensated from the revenues that are generated by the infrastructure.

A second form of public/private partnerships are multi stakeholder alliances such as (inaudible), they principally involve a vast number, a large number of private entities, foundations, corporations, other public institutions that have an unlimited life span, and tend to be single issue, single sector, almost informal international organizations that have a very formal governance structure.

What we're talking about today is what I call development PPPs. And these involve a U.S. entity, a U.S. government entity, in this case today USAID, and private parties, private corporations, NGOs, foundations, tend to be focused on a transaction, on a specific project, and with a limited time span.

This research began when USAID released a data set in mid-2014 on their 1,500 public/private partnerships. And I had -- and at that point, late 2014, I issued a very brief paper which was a data picture of USAID's public/private partnerships.

That led me, fortunately, to work for the next semester with Anne Johnson and Helen Moser on their capstone project at Georgetown. That was such a good collaboration that they agreed to work with me on my broader paper, which is what we're publishing today.

Anne is now working at the Beck Center at Georgetown and at the IFC, and Helen is just down the street working for CSIS. They are going to give you a brief introduction, hopefully a teaser on the paper, and then I'm going to moderate a panel.

MS. MOSER: Thank you, George. It's been a pleasure for us to work with you on this over the last year and a half, and we're still appreciative to be here today. I will now give a brief data picture of USAID PPPs from 2001 to 2014. We did not use 2015 data for this analysis as it was incomplete at the time.

This graph shows the number of USAID PPPs by start year. For the 14-year period, the total number of PPPs is 1,481, and the average number of PPPs per year is 105. The average was 135 for 2004 to 2008, and this dropped to 90 for the last three years.

This downward trend is likely reflective of the much broader array of mechanisms USAID has developed in recent years to engage the private sector such as the Development Credit Authority, enterprise funds, and systemic platforms like Power Africa and Feed the Future.

These graphs show the total number and investment value of the USAID PPPs by region. The most number of partnerships are fairly evenly distributed among three regions. The left pie chart shows that the most number of PPPs are in Africa at 29 percent, and Latin America, Caribbean, and Asia vie for second place at 25 percent and 24 percent, respectively.

The right pie chart shows that by value, global PPPs surpass all others at 36 percent of the total. Despite making up only 4 percent of the number of PPPs, Africa is in second place at 22 percent. This may reflect that global PPPs tend to be implemented in several countries and galvanize a coalition of major funders around an issue.

These graphs show the total number and investment value of USAID PPPs by USAID development sector. The left pie chart shows that economic growth accounts for 22 percent of the number of PPPs and health for 21 percent. The right pie chart shows that by value, health dominates at 47 percent, and economic growth and agriculture compete for second place at 13 percent and 12 percent, respectively.

Over 4,000 organizations have served as resource partners for USAID PPPs. And when we say resource partners, we mean organizations that contribute resources and share in the risk and governance of a PPP.

This graph shows these partners broken down into the types of institutions that they represent. The most frequent resource partners are private businesses, which represent 38 percent, and in total, for profit entities make up 53 percent of USAID partners, and you can see this in the graph in blue.

Non-profit entities are 32 percent, and governmental entities are 15 percent.

These graphs break down the number and investment of local and non-local partners for fiscal year 2014. USAID released a more in-depth data set in 2014 and this is why we were able to do this analysis for that year. Local resource partners are those based in the PPPs implementation country or immediate region. And this is of interest to us given that USAID has really emphasized engaging local actors across its programming.

The left pie chart shows that 52 percent of USAID PPPs, USAID PPP partners in 2014 are local entities, and 48 percent are non-local. The right pie chart shows that local partners in 2014 contribute 28 percent of the funding of all partnerships, whereas non local partners contribute the majority of funding at 72 percent.

I will now turn it over to Anne Johnson, and she is going to talk about the coding work we did to analyze the business presence and shared value in USAID PPPs.

MS. JOHNSON: Thanks, Helen. So as Helen mentioned, in addition to analysis on these overall trends, we also wanted to leverage these data further to look at the degree to which USAID's PPPs engaged the private sector, or the business sector, rather.

And so we, for example, looked at three things. We looked at the presence of business sector partners in the PPPs. We looked at how many PPPs appear to be within the commercial interests of those PPPs, or of those partners. And third, we looked at any connections that the PPP activities may have to the core technical and managerial expertise of those business partners. And I'll describe each of these momentarily.

So for the first one, presence of business sector partners, we found that three-quarters of USAID's PPPs appear to engage at least one type of business sector entity. This could be companies, financial institutions, industry associations, corporate foundations, and so forth. And as you see, this proportion has been relatively stable over time.

The remaining quarter included other kinds of interesting non-public entities such as philanthropies and non-profits, but none that were directly associated with the business sector. Notably, PPPs that include business sector partners, which are shown on the left, receive relatively little of their funding, about 27 percent shown in dark blue, from the U.S. government. But among PPPs with no business sector partners, shown on the right, U.S. government funding accounts for about half of the investment in those PPPs.

Secondly, we coded PPPs for evidence that the PPPs' activities were connected to the commercial interests of the business sector partners. So, essentially, we were asking does a given PPP exhibit shared value approaches? We found that over half of PPPs included activities that were clearly commercially beneficial to the private sector partners, so, for example, increasing demand for their product, building out their supply chains, improving the productivity of their workforce, and so on.

An additional third exhibited what we call strategic benefit, and these PPPs were not directly related to profit making, but somehow were connected to the overall enabling environment for the firm, perhaps address some of their externalities or other long-term strategic considerations.

The final 17 percent that you see in light blue, those PPPs were more or less philanthropically oriented. And here too we see that the more a business sector partner appears to benefit from a PPP, the more they are willing to invest in it vis-a-vis the U.S. government.

And these analyses get more interesting as we start to compare the indicators with one another. So our third indicator here, connection to business partner expertise, looked at the degree to which PPPs were connected to the core managerial and technical capacities of those business sector partners. So, for example, is the business sector partner more or less just writing a check, or are they actually leveraging their day-to-day core knowledge and expertise in implementing a PPP such as when, say, a coffee company works with local coffee cooperatives to improve their yields and livelihood?

And so we found, as you see on a screen, that 80 percent of PPPs are in some way connected to the technical capacities of those companies, and likely, to prior indicators. Business sector partners are more willing to invest in the PPPs when it's linked to their own business expertise, but they rely more heavily on USAID to pick up the tab in PPPs that are not related to their expertise.

Now, where this gets interesting is when we combine indicators with one another. So, for example, this slide shows that a firm's contribution of expertise is also much higher when he firm stands to benefit from the outcomes of those PPPs. So, for example, you see that among commercial benefit PPPs, almost all or 98 percent also appear to receive technical knowledge from those business sector partners, but this drops to 80 percent among strategic benefit PPPs, and down to just 18 in those philanthropic oriented PPPs.

So in summary, the business sector is both willing to invest more money, and also more of their expertise in PPPs that are directly related to their core activities and in which they stand to benefit.

We also found that the commercial benefit is more common among PPPs in low-income countries than in richer countries. We don't know why this is, but one might surmise that it is because companies are less likely to participate in initiatives in countries that are unrelated to their core business, and more likely to do so if they have a commercial rationale for doing so.

We also conduct analyses similar to those that Helen showed earlier based on region and sector, but because our time is limited, you will just have to read our report.

(Laughter and applause.)

MR. INGRAM: (No audio) with me. And literally this project could not have been done in this way without their involvement.

My second big success was including this panel. And each member of this panel is deeply steeped in knowledge and experience of public/private partnerships and related issues, and I couldn't be more pleased that you all joined us here today, so thank you.

You have their bios before you, so I will just make brief introductions. Jane Nelson is the Director of Corporate Responsibility at Harvard Kennedy School, and is a non-resident fellow at Brookings. She's one of the most knowledgeable, respected, and sought of, sought after experts on public/private partnerships, shared value, CSR, and related issues. And she uniquely bridges the distance between academia, the corporate world, and the policy world.

Ann Mei Chang is the Chief Innovation Officer, which she can tell us what is at some point, and the executive director of the Lab at USAID. And she has, as far as I can tell, she has made a career out of innovation, first in Silicon Valley with Google, then with Mercy Corps where that was your position. She brought innovation to the State Department, no laughs, and now is doing that at USAID.

Sarah and Johanna probably have more experience in managing their companies' relationships with USAID than any other two corporate executives in Washington. Chevron has done 33 public/private partnership with AID, and Walmart has done 13.

Johanna, who manages development and public policy at Chevron, has had a career focused on global development and food security, and before Chevron, like Helen, was down the street at CSIS, so there's a CSIS Brookings connection here going on today.

Sarah, at the end, is responsible for international policy at Walmart, and that includes a range of legislative issues and trade negotiations. And she joined Walmart after working at the Grocery Manufacturers Association.

Now, to start the conversation, we undertook this research because over the last five years or so there's been a lot of attention to public/private partnerships, but very little information on what they entail. Anne and Helen have given you a glimpse of our findings.

Among them are that -- actually, they didn't present this, but it's in the book, the report, one or two percent of AID's funding every year goes to public/private partnerships. There have been fewer in recent years than ten years ago, and AID is moving to emphasizing other mechanisms besides public/private partnerships from gauging the private sector.

Ann Mei, if I can start with you, the report references your colleague, Eric Postel, in describing the evolution of AID's engagement over 50 years of engaging the private sector. First 1.0 is at the backral of influencing the enabling environment. 2.0, the last 15 years, is more transactional project oriented, and represented by public/private partnerships.

And now sort of the new trend is toward systemic engagement. Where do PPPs fit in AID's tool kit of engaging the private sector, and how does this fit—put it on a really broad context which allows you to talk about anything you want to -- how does this fit in with the Addis Agenda and the SDG's really elevating emphasis of the role of the corporate sector and the private sector in promoting economic and social development?

MS. CHANG: Right. That's a pretty broad question.

MR. INGRAM: That's a broad question.

MS. CHANG: You know, you talked about my background. I spent time in the private sector in the NGO sector, and now in the public sector, and I often say that I think magic happens at the intersection of sectors because each of the sectors brings unique assets and also limitations, and it's sort of by leveraging the strengths of each sector that we really can achieve more together than we can individually.

I think how this applies to Addis and the new sustainable development goals is it's really clear that we're not going to be able to fund our way to the sustainable development goals. You know, we're like 10x off the amount of money that we actually need, that people have calculated that we need to actually meet those goals.

The way we're going to get there I think is through two things. One is through innovation, and having breakthrough innovations that get us much more bang for the buck. And the other is through partnerships by really leveraging private resources that can dramatically multiply what we're able to do from a public standpoint.

And so as you talk about the evolution of partnerships at USAID, I would say it's less an evolution in terms of one replacing the other so much as adding tools to our toolbox. I still think there remains and will continue to remain a very critical role for public/private partnerships for ways that we engage in specific projects with specific companies and particular geographies.

And in addition, I think one of the evolutions that we are doing more of now in addition is the sort of multi sectoral partnerships. You have things like (inaudible), things like Power Africa that really look at how can we move an industry by removing policy barriers, by catalyzing finance, and so forth that would go beyond any individual project.

MR. INGRAM: And so give us a little bit more on -- I've heard people in the last six months at AID talk about moving to a systems approach, and I think you got to it right there at the end.

MS. CHANG: Yes.

MR. INGRAM: But elaborate on that just a little bit.

MS. CHANG: Well, I think the systems approach is going up beyond an individual project and looking at what are the systemic barriers. So, for example, if you take Power Africa, what are the systemic barriers to actually providing electricity to the billion or so people that live in Africa?

In some countries there are barriers because of policy or regulatory issues, and so now we're looking at tying financing to making some of those policy changes so that the enabling environment becomes more conducive.

There's issues about de-risking financing because some of these countries are not always the most stable places and people may be hesitant to put in their money because of fear of, you know, the risk that's involved. And so where we can kind of de-risk that money through first lost positions and things like that, it helps catalyze more financing to go into these countries. And sometimes there are legal barriers or political barriers, again, that we can help remove. And so it's that systemic approach that enables the whole pie to grow, if you will.

MR. INGRAM: So almost ties 1.0 and 2.0 together, the transactional with the macro and enabling environment.

MS. CHANG: Yes. Thank you.

MR. INGRAM: Jane, you look at PPPs through your academic lens, and through your role as advising corporations, and getting in the inside of corporations. What is the role of public/private partnerships for corporations, and how does this relate to CSR and shared value, and where is it headed? Is this just a temporary fad, or is this something that we're going to see built up in the coming years?

MS. NELSON: Thank you, George, and good afternoon everyone. It's good to be here. And I definitely don't think it's a temporary fad. And I agree with what Ann Mei said that I think public/private partnerships have been and will continue to be an incredibly important tool based on the development community with respect to in terms of improving aid effectiveness and development impact.

But, also, I think from the perspective of the private sector, partnerships (inaudible) very important roles. One is, depending on the partnership, helping companies better manage risks, improve the enabling environment versus the strategic environment they' operating in. And secondly, as Ann Mei was saying, help them to innovate and find new opportunities for a shared value.

And I think if you look at those sort of two broad motivations from a company perspective of your better risk management to enabling environment and opportunities to create shared value, new products, new services, et cetera, I think there are sort of two broad pathways of partnership that really matter, and we've already discussed both of them, but what are the more transactional, sort project-based, product development, product based partnerships where you have one company working with USAID, possibly, an NGO, and maybe another company, an ICT company, working with a financial services company specifically to develop new products, new technologies, new services, strengthened supply chains, develop new social investment models, but very much on a project-by-project basis. But if they're commercially viable, real potential to scale even on a project bases.

But I think as Ann Mei was saying, just as the donors have recognized use of broader systemic constraints, which, basically break down due to market failures or government steps, I think the corporate sector has realized however good project-based partnerships are, and they will continue to do those, both your commercially and philanthropically, we need to get engaged in what Helen calls the systemic platforms or collective action initiatives.

And some of those will be like (inaudible) become institutions in their own right. But I think a lot of them and to me the most interesting ones are alliances like Power Africa, Feed the Future, (inaudible) sort of based Global often operating at a national level where you're getting alliance with a group of companies coming together, government comes to the table, and commits to do policy reforms, the donors come to the table and provide donor financing. You often, you know for risk sharing or advocating government to improve its policies. I mean, business comes to the table with investments and core competencies.

And different companies are doing different things, but it's happening within a much broader platform and systemic alliance. And I think both you're increasing the product-based and then project-based partnerships and the number of those, but also these more systemic level collective action initiatives sort of where I see two key trains of, certainly from the business perspective, and Johanna and Sarah will be able to give more in-depth example, companies realizing they've got to work often on a pre-competitive basis with some of their biggest competitors to overcome some of the systemic constraints because of either market failures or government steps.

MR. INGRAM: And to what extent is this a global movement? And are we seeing -- it's not just the U.S. It's Europe. It’s developing countries?

MS. NELSON: Yeah. Absolutely, I think, I feel very much global. I think within any developing countries, you're seeing more and more local companies recognizing that they need to have some industry-wide, systemic partnerships. You know, you're seeing alliances emerge because of crises, or the Bangladesh Alliance and the Bangladesh Accord, two of the most competing alliances. European companies taking one reach. American companies, that's a bit of a simplification, but they're taking another, but both working collectively with your labor unions, with donor governments, with the Bangladesh government, and to try and improve working conditions in Bangladesh. So some of these alliances are very much around spreading responsible business practices, improving human rights, managing broader risks. Others -- and I'd say Feed the Future, Power Africa about mobilizing resources and innovation and both their financial resources, as well as products and technical skills, and technical capabilities.

MR. INGRAM: Thank you. Johanna and Sarah, Chevron and Walmart have engaged in multiple PPPs over the last 15 years. How has your approach to those evolved and why? And again, try to put it in a broader context because I think, to use Ann Mei's term of innovation, one thing that's innovative for all of us today comes out again at Addis and the SDGs of where the development community is recognizing that the private sector has a big role to play in advancing development, and we're seeing that the corporate sector recognizes that role too. So put it in that context.

MS. THORN: So, you know, we've been on a journey, I would say, as a company to figure out what our role is in global development. And part of it is because our company has been on a journey moving into emerging market. So when I joined the company nine years ago, we were really in Mexico, China, and we were exiting Germany and exiting South Korea.

Now, we're in 28 markets around the world. The majority of those are emerging markets. And so our business imperative has changed as, I think, the development community has changed often in the acceptance, quite frankly, of the business community in terms of an actor in global development.

And we've been very fortunate that we've had a very patient partner in USAID because our thinking has changed, and I think we've sort of questioned, pulled each other along. Our earlier partnerships, I think, were under the global development alliance, so it's really about our money. You know. We're going to leverage, you know, and we love the term, "leverage." It's a great term. It means we can do more together.

But, you know, as we've started to get into our partnerships, we recognize that the money is probably the least interesting part of what we do. It's absolutely essential. You need sometimes patient capital to overcome market values and to build capacity.

But as a business, you know, we buy a lot of stuff and hire a lot of people. We have 2.1 million people who work for us around the world, and we're the world's largest grocer. And that gives us a really unique ability to partner, to try to accelerate in an more inclusive way the buying and the hiring, and thinking about if for any of the emerging markets there's a business interest for me to have competitive and market economies around me, to have opportunities to employ people, and so, you know, we look at that lens, and as a business when we look at how we partner or how we and go after large societal objectives, we actually, we use the business as an agent in change.

And so we've started to bring that approach to our partnerships to say, okay, it's great. I'm happy to lend my foundation money towards this end, but I think it's probably more interesting if we use that sourcing

So a good example is I work on engaging (inaudible) families, and I see a lot of our partners here, who have been just, again, amazing partners to us in teaching us and helping us, steer us in the right way. You know, we in the markets around the world recognized very quickly that there are real failures in farming in terms of you have farmers producing, but then you have people touching that product around the end that weren't adding any value.

So if we could go direct to farmers, we could have a better opportunity to get a better, fresher product into our market probably at a better price for our customers. And so then the question is how do you do that effectively? In certain markets, we have agronomists on staff. We have relationships with local farmers, and we needed, maybe need an intermediary to help us expand our reach.

And so in Central America we started years ago working with USAID to help bring more of those farmers into our supply chain. And what we could teach them was, what are we actually on source? You know, somebody years ago told you corn and beans. That's what you should produce. And, actually, I've been on the farms and I said why corn and beans? And they'd say, well, you know, these guys told us these were a good crop. And we say, okay, if we want to actually bring this to market, we need onions, we need (inaudible), we need tomatoes.

At some point, we will not import bananas into El Salvador. We should probably grow those there. You know, things like that. What is the market signal we can give? What is the information we can give on what standards we need? And how do we work collectively to build trust, also, because the private sector isn't always the most trusted actor. So how do we have partnerships so that we have trust and understanding that when we say (inaudible) we need (indiscernible 11:15:29?

And so that really has put us on a path to think always about, you know, what's the business imperative? How do we this to make sense? How do we well and do good? What's the best way to partner collectively? And then how do we actually work either a private/private, public/private?

So when we think of partnerships, we think Walmart to NGO. There's lots of opportunities to come to this, this goal. And I like to talk about systemic because I think that's where we're getting to which is we want to create are sustainable partnerships, so what frustrated us about the old model was money/partnership. Partnership, it ends. It's time limited, and everybody goes away, and we do our metrics and evaluation.

And we were talking about this yesterday, and we say we trained this many people, check, check, check, check, but is that truly sustainable? Is that actually making real change? And oftentimes it's not because there's systems failures. And so really looking more holistically at this approach to say I think we need to step back and we need to look at all the levers to make sure we're actually moving on a partnership platform that's going to lead to systemic change and growth. And for us it's really (inaudible) economic development. It really is. That's kind of where we want to play.

You know, I've seen (inaudible) criticism from other actors in that the private sector is only interested in economic development. Well, I think we need to be honest about doing what we're good at, and that's where we're good at, and that's really where we truly want to partner. We can do other social factors - environment, favor, all of these things, but it's around this rubric of sustainable economic development.

MR. TUTTLE: Well, I want to first congratulate Anne and Helen. This is great because I feel like we've been having a partnership conversation for a long time and we have some data and some analysis which always brings a conversation to a totally different level, and congratulations to you, George, for finding these two.

MR. INGRAM: You should --

MS. THORN: You should really stop doing that.

MR. INGRAM: You should congratulate me for supporting them on doing such great work.

MS. TUTTLE: So the conversation and the arrangements on partnerships have truly been, we've changed so much over the past ten years. There's been so much opportunity for innovation, there's been so much learning that I think we are (indiscernible 11:17:43's), you know, point about partnerships 4.0 and what we're doing, and your points about systemic change. Those are really helpful aiming points to be at while at the same time when I look at partnerships, so Chevron's right now going through a rethink of our partnership strategy, so what actually do we want out of partnerships?

So initially with USAID, we're 33 partnerships and $130 million in. USAID is by far in every case our preferred partner. We want to talk to you first. And it comes from first of all Chevron is somewhat topically agnostic. We do a lot of research (inaudible), so if we're going to be in this community, we want to be productive and engaged. What do you want?

And so we'll do hundreds of interviews of people to say what do you want? Usually what people want falls into our three broad categories of economic development, and that ends up actually being a lot of agriculture in many cases. It's education and it's health. So all things are very much aligned with USAID.

So we want to go where the data leads us, but in the end where were we are fixed is in location. So where we are is really important. And we have a model not dissimilar from the AID and the State Department which is where we have, you know, strong operational centers in different countries around the world, and a lot of local innovation that we want to make sure can really thrive with support from some headquarters level strategy and planning.

But I would say that some of what -- well, the entire field has changed, and in our strategy we think, we're trying to say how does one plus one not just equal two? How does it equal ten or 20? What are the elements of that? How are our implementing partners, because a lot of times, you know, Chevron can't teach farmers how to raise cassava, but our implementing partners can. So how do we work more closely with our implementing partners to help the leverage more funds, and leverage more engagement, and leverage more impact?

So both from what we're spending and who we're working with, we want to see more impact. We want to find ways to do that. And so that's some of our thinking right now.

But in the end, really back to basics I think is really important. Are we relying on the wrong values? Do we share the same goals and vision for what we're doing together?

And with USAID, I think that's -- we tried a lot of different things and some haven't progressed, but the ones that have been around, we want to help Angola stabilize and rebuild after the war. Well, what does that take? It takes (inaudible) Chevron didn't know how to do like seed distribution and banking, but we did those together.

In the Niger Delta, peace and prosperity. Well, how do you get there? Well, it's through partnerships. It's engaging a really large swath of different actors. So when you start from that high level alignment, you can get to the more specific points, but if you don't have alignments, you don't have anything.

But in communications everyone would say communications is absolutely essential. And it's when you're partnering and when it's, when you're not partnering because those conversations you have over coffee or whatever, or what makes you realize, hey, wait a minute, we're trying to do the same thing, and I never knew you were working in that area or on that issue. So having those ongoing high level relationships is really essential.

And then a third thing I would say, and this is so critical and never gets talked about, but from a company's standpoint, we have enormously deep and rigorous compliance responsibilities. We have financial compliance. We have SEPA, and human rights, and all of the other values that we stand by, and we know USAID does too.

So it is, it's natural to work with USAID because we share many of the same processes, and most of the development agencies differed or the Australian Aid Agency. Looking at those best practices, we have to work with groups and do that. So that's why these partnerships have been so important.

In the terms of where things might go, it is more leverage. What's happened I think with SDG conversation, I get a little nervous when people say, oh, there's not enough money to pay for it all, so we need the private sector when in reality it's more what you're saying. It's actually you don't need the private sector. You need people in countries and communities to have jobs, to make money to support their families, to have good government to advocate for themselves. It's that catalyzing effect of what we do that's really important. So that when I think systemic change, I feel like, well, that maybe is overwhelming for people. But what's happened in countries is a lot of countries just have more resources. They have better educated people today than they did 20 or 30 years ago. There's more income. There are more taxed income. If you look at the (inaudible) Research Mobilization work in analysis, there are resources and money and people and stronger civil societies in countries, and so what we've looked at in some of our areas is like we can put in $30 million, but that's a lot of money for a company. That's a drop in the bucket for what may be is needed to change.

So finding ways to partner and bring all sectors to the table and talk about what do you want out of your situation, and what can we do to help, and what can we do to train, how can citizens actually figure out their own path, whether they're not sort of plopping down a project.

I think that is a really important movement. And it's truly, you know, around demand driven development. And I think something that some partnerships are touched but not all, so finding ways to bring those basic principles back and cement them is really important while we innovate and change and grow into new areas.

MR. INGRAM: Thank you. You know, one of the things that you mentioned about the compliance requirements and the similar values that Chevron has with AID relates to one of the surprising findings in my conversations with the 17 corporate executives. A number of them said to partner with USAID is a way to manage their risks, because AID has networks in these companies, countries, may have already vetted companies in the country, and I just never had thought about that being one of the benefits that AID brings to --

MS. TUTTLE: It's a bedrock,

MR. INGRAM: -- the PPPs.

MS. TUTTLE: Absolutely.

MR. INGRAM: Yeah. Shared bang. Lots of conversation in recent years about shared value where you have the linkage of a corporate business interest and a public good. We avoid the term in the paper because it's used so many different ways. And Ann showed you the way we, the terms we do use, and that over half the PPPs that USAID is engaged in involves some form of direct corporate commercial interests, and another quarter of them involve a broader strategic commercial interest. So it seems pretty clear that the corporate community and AID have found this sweet spot where their interests are joined together.

Jane, what is the trend in bringing the corporate interests together with the public good? And is this the Holy Grail of PPPs? And is that what we should be expecting from PPPs and not pay so much attention to philanthropic ones, or is this just a niche market for a few corporations?

MS. NELSON: Quite a few questions there, but I think, to me it's not necessarily the Holy Grail. I mean, it's no doubt that it's growing dramatically in both the number of commercially driven partnerships, as well as with the different range of commercial interests.

But I very much applaud what you did with the paper, breaking down sort of your direct profit-making commercial interests and then the sort of strategic benefit but still very clear business interests.

MR. INGRAM: We did that after consulting with Jane, and she included --

MS. NELSON: Lots of other people. Lots of other people. Because I think that there definitely are more partnerships where there is a direct profit-making potential, you know, product development, and new drug discovery and development, financial inclusion, digital inclusion, and some of the supply chain including small holders in supply chains where the company has the potential to make direct profits and scale upward the profit making and development impact which is the heart of what Michael Porter and Marc Kramer's would call shared value.

And they need, as Ann Mei was saying earlier, possibly some seed capital, or your risk sharing at the outset, or some help with changing the government policy or something to get there. So I think we're seeing more of those types of partnerships definitely.

But I think we need to be careful and say, those are going to be the only types of partnerships. I think those are the partnerships that definitely have the potential to scale, whether it's multinational companies, or local companies. I mean, particularly if you're looking at sort of goods and services that currently aren't affordable or accessible to the poor, whether it's electricity or food, or medicines.

But I think this strategic benefit category is really important, and Johanna said about I think there's some great examples there where if you're a company that actually has to be in a certain location, there's a real business imperative to make sure that there's stability, and security, and application, and that requires a combination of peace building, good governance, capability building in terms of education, health systems, and economic development.

And, you know, the company might not get direct profit opportunities from doing some of those things, but it's really important to the broader environment in which the company is operating in. Or (inaudible) or the human rights and labor working conditions partnerships that we're seeing which, you know, sometimes you can say, well, they lead to greater productivity, and often they do, but it's more about meeting fundamental standards and values and working together to do it.

So I think when we talk about the sort of commercial interest, it's useful to break down between those profit-making opportunities where your public dollars could make discovery of a particular drug for an (inaudible) possible which wouldn't have been possible otherwise, and then it scales up, or the (inaudible) banking that scales up.

But where USAID can work with companies on sort of improving that broader sort of strategic benefit to the company, I think is very important and, yeah, strengthen the health systems, education systems, peace building, et cetera.

And then thirdly, I do think there's still a role for philanthropic partnerships, and, you know, it's, and Sarah, you were saying that you can use the foundation dollars or the company can use its own foundation dollars to seed innovation, or to support a health system strengthening partnership.

But I think we can also use philanthropic dollars in humanitarian response where there is often a critical need just for those dollars to go out the door. Product donations are another great example. You always hear how short-term businesses in its perspective, and I like to give the Merck example of the (inaudible) donation program for river blindness, which has been going for I think 26 years now, and reached millions of people. And it's a product donation, and they've consistently made a commitment to keep doing it.

So I think it's useful to look at all three of those drivers that directly either immediately commercially viable that you won't really need the partnership in quite the same way. So you need a partnership to make something commercially viable over the longer term, and potentially scale as a result, and partnerships to sort improve the broader sort of the operation environment within which businesses is operating. So it's still a direct business benefit.

But then also leveraging corporate philanthropic dollars, technical expertise, and products. I was just showing to Ann Mei earlier and some of the pharmaceutical companies whose scientists are sort of providing basically volunteer time, but with the companies' support compounding screening, and a whole series of sort of scientific expertise which has probably never going to be commercial viable to the company that could be very valuable to a developing partner.

So I think all three of those are important, but, no doubt, the shared values ones are, are increasing. And I think, and Ann Mei, you're not comment on this, I think the developing community has got much more comfortable with saying, yeah, we are going to provide seed funding for something that's going to become profitable. And so profit is no longer a dirty word --

MR. INGRAM: Right.

MS. NELSON: -- in the development community.

MR. INGRAM: Ann, let me T you up.

MS. CHANG: Yes, please.

MR. INGRAM: And that is while most of the paper, that part of the paper looks at the commercial connection, we do acknowledge the value of philanthropic PPPs and use the example of UPS providing it's logistic capabilities through humanitarian.

But, Ann Mei, I really want to address the same question, and I'm going to use the same issue of the Holy Grail because that's as close as I can get to stark language that is more the common language of this political times we're in right now. I can't get any worse than that. Because I could see AID looking at PPPs that involved the commercial, a direct commercial connection to a company and saying, wow, if we can get this into the corporation's core business, then this is something that's more likely to continue after the projects are over and lead to a real sustainable activity. And is that the case and AID values those type of PPPs over ones that don't have a stronger connection to the business interest?

MS. CHANG: So absolutely. I think sustainability is really important. I would break down the problem slightly differently. So thinking about shared value. There's different ways -- shared value to me means that we're getting, bringing the best from different partners together and leveraging each other. And I think to be smart about any partnership , we want to leverage the most possible from each other in complimentary ways, because the reality is the cost of a partnership is actually significant. It's not a free thing, and so there's got to be enough benefit to overcome that. And I think in the early days we may have just done partnerships for partnership sake, and probably gotten less out than we put in.

And I think more and more we're looking for those complimentary assets that we can bring together whether it is about a private sector company's reach, or their brand, or their infrastructure, or their technical expertise that brings something that we may not have as USAID, and where one plus one equals more than 2. So I think that in all partnerships we do, we want to look at that.

In terms of sustainability, I'm a huge fan of sustainability, and I would say that not all problems we're trying to solve can be solved in a sustainable way. You know, if we're trying to fight Zika virus, right, if we're trying to deal with a humanitarian crisis, these are not necessarily things you can do in a sustainable way, but they are things that the private sector can still really help with.

But on the sustainability front, I think where there are opportunities, and I think Walmart has been a phenomenal leaders in this, of being able to align business interests and a profitable business venture with, you know, sort of development need, there's incredible leverage there, right? So we think about, you know, we often talk about do we leverage $1 of USAID money for $3 of private sector money. But if it's sustainable, and you're getting $3 of benefit year after year after year, the net present value of that investment, you know, just magnified a few orders of magnitude, right?

And so we need to think about that sustainability, as sort of magnifying the leverage we've actually brought in and looking at the value that we're creating. And, again, it's not possible for every type of problem we're solving, but where it is, I think it's incredible valuable.

And one thing I would say is that I think we're still in the infancy of understanding this. You know, in the report I think it's fantastic the way that you guys were able to break out the kind of commercial and strategic interests. It's still -- we don't have the data yet even internally to really say, you know I -- in preparing for this panel, I was asking our partnerships team, okay, so give me some examples of partnerships that are sustainable, which ones are sustainable. And the answer is that, basically, after the partnership is over, we don't have the money to go back and find out whether they're sustainable, right? So we don't actually have that data. And I think it's really important for us to learn which of these things really are continuing to go and thrive beyond the end of the partnership, and the value that accrues to, you know, sort of what we got for the money we invested. And we don't know that yet, and I think that's the next step and something we should learn more about.

MR. INGRAM: Well, Johanna and Sarah are going to answer your question for you, because that's what I was going to ask them.

MS. CHANG: Great.

MR. INGRAM: And that is where the commercial links ties into their approach, and do they have, do you have examples of PPPs you've engaged with that has changed your behavior in a way that advances a public good, or has led to an activity that has outlived the PPP?

And before you answer, let me apologize to you in the back. I should have invited you up, you should have followed this gentleman here. And please walk down the center aisle, it's quicker, or along the sides because there are seats here in the front. Your feet must be getting tired.

MS. THORN: So I my change your question a little bit, because I think, you know, and I love the data. I would hate think that partnerships are so reductionist to think that they're only commercial --

MS. TUTTLE: Exactly.

MS. THORN: -- and I think Jane has done a nice job of explaining the variety of partnership. You know, one of the things we've done with USAID though is several years ago we said, you know, we're two pretty big entities, and we need to think about a framework for engagement, so we created a memorandum of understanding, and Dr. Shaw came to the mother ship of Benton (inaudible) and, you know, and it was a really great opportunity for us to say and really think more constructively of how do we want to work together? What are the core -- where when we look at our, your know, our mission and our corporate responsibility, we're looking at a couple of things. We're looking at sustainability -- certainly, environmental sustainability, but also social sustainability, -- opportunity, helping people with mobility, and opportunity and skills, and a community which is (inaudible) of the community, but also disaster systems and all of that we do.

And so we created a framework around that. So, yes, we do partnerships that we think are sustainable. I mean, certainly, our work in Central America has broadened from training farmers to, and I love seeing this when they, the farmers (inaudible) decide and say and they would straight up move up the value chain. So I'm going to sell you tomatoes, but tomorrow I'm selling the tomato sauce, and I am going to create chopped vegetables that are going to get a better return and a better value because of the pre-made soup mixes.

And to me -- and you know what? Then I'm going to sell it to you in El Salvador, but I have so much surplus supply which you're get into the jet stream of global sourcing, and you're going to go our stores around the world.

That to me is an amazing success story because it's very organic, and the growth is, you know, I think one of the, the biggest challenges I thought when I came into this is we had these partnerships that were, we, Walmart and want you to guy jewelry from a cooperative in West Africa and sell at Sam's Club which make, it's wonderful, and it did make a difference. And the income went to those women.

But it was really hard to replicate, and the amount of effort that went into making that particular partnership work, we could have just written a check. We honestly could have written a check and they would have had the same income. So it really made us think about, okay, we need to find a way that we match our scale. We have these smaller producers learn our systems and our processes, create an organic development.

And so I used to always say, oh, we want to be part of your global value chains, and I'd say no, you actually want to be part of our local value chains, and you want to grow with us, and we want to scale together.

And the same, the same idea we've had when we're working with women's economic empowerment is woman own businesses that may need a little practical training to become a Walmart supplier, but honest to goodness may have a much lower delta in terms of what we need in terms of the standards that we're requiring of them in terms of transportation costs, and logistics costs, and liability insurance. They may be much better off selling local with us, learning us, and then going global. And so that's when I think of those really sustainable partnerships.

And the last thing I'll say is, you know, as we've created this, you know, way of engaging with USAID with relationship managers where we have our air traffic controllers, and we make sure we know who's talking to him and what we're talking about, and, again, around this framework, the learning component of a partnership with AID is really important because sometimes we'll just convene. I'm going to bring all your experts into our offices, and, let's say, we're looking at West African cashews. We don't want to reinvent the wheel. Could you guys -- who are you partnering with? What have you learned? Can we learn from some of your failures? Can we learn from some of your successes?

That to me sometimes almost more valuable than, okay, we have, you know, we created this partnership and we worked on this because I think that the knowledge sharing is equally important.

MS. TUTTLE: Let me pick up there because I think that's really where we need to go is in joint sharing and learning across the board because there's so many similarities, and so many learnings that are happening.

In October, I was with AID's team in Indonesia which is just has done phenomenal things, and they've gone out and they've asked in the regions what do you want from your partnership with the United States of America through USAID, and they came away with four focus areas, and they're embedding the private sector into everything they can, but just incredibly sophisticated.

So our (inaudible) will sit down with them and come up with, you know, an equally sophisticated approach that we can, where we can learn from each other, and I think institutionalizing some of those learnings is helpful as well.

But I think we're still on shared value, so I don't want to ignore that question. And, certainly, I think, Chevron's engaging -- every single type of partnership we do is focused on business needs and business drivers, so I always take a little bit of issue that it's not directly business driven, but I would imagine you put us kind of in the strategic partnership area.

But I would say from the very top of the company, and from the country managers who have a great deal of responsibility and autonomy of everything that happens on their watch, there's a tremendous commitment to what are we doing in the community that makes the difference for the community. That is core to our business. Listening to people in the community, listening to the host governments around their needs and priorities and goals is where we can really, you know, have an alignment.

And then more often than not, those goals and priorities are oftentimes aligned with AID and (inaudible) others who are operating in the country. So our shared value really is around how can we be a partner in the community? How can the community see us as contributor? It's less, you know, directly into our commercial lines. In some cases that's worked well, but in a lot of cases communities are looking for ways to -- in countries ways to grow their workforce, to grow their skills, to sometimes move, you know, out of a rural area into more a more urban area, into, you know white collar employment, or something different.

So it's really listening and finding what people need which is what creates the shared value, I think, (inaudible) complement each other.

MR. INGRAM: I want to turn to the audience in a minute, but I don't want to lose the opportunity to talk about metrics, to talk about what you've talked about, Sarah, and I gather you were involved in a panel discussion that -- and we don't have time for the whole conversation yesterday, but one of the disappointments we had in this research is we found very little evaluation assessment impact, and couldn't get a good handle on how AID, on how the corporations track the PPPs, and try to measure or assess the impact and learn from them.

So without taking too much time, and I want you to start off, Sarah, and give us a little bit of the panel yesterday, and then talk about how your organizations deal with the issue of metrics.

MS. THORN: So Avery is here, and she moderated yesterday.

MS. INGRAM: Okay, come on up Avery.

MS. THORN: I think what we were talking about is no, some of the evolution of evaluating outputs to really looking holistically outcomes grow with how we trained the million farmers, which, you know, we will, but what does that mean? What do we learn, and what will we do again and what wouldn't we do again.

I think from a private sector when we think of metrics and evaluation, it's a little less numerically focused, and a little more about learning in sort of an evolving learning landscape. Whereas, I think sometimes, you know, people will say, well, we have to have the metrics. And it could be that you did train the farmers and their incomes went up, but you also, we've seen in some of our partnerships, you created other problems, you know.

So, yes, the partnership was a success, but, uh-oh, you didn't realize that this happened, you know, because we weren't look more systemically. So I think what we, what we ended up deciding was we need to think really carefully up-front about what we're trying to measure. We need to use new tools, new data points, new medias. So whether it's the threshold, you know, how you can crowd source and get information from different sources, but also really to think about the different ways people think about metrics, because for the private sector it's okay to say it didn't go well. That's okay, you know, that we may actually learn more from failure than trying to say we spent your money really well.

MR. INGRAM: Johanna.

MS. TUTTLE: So we always have a desire for data, but, fortunately, our quantitative people are willing to be a little qualitative when it comes to the social stuff because I think at a certain point you have to have a baseline so the stakeholder interviews and discussions that we conduct provide a really good baseline for how do people feel about things. What do people think, so that we can go back and ask questions again and say have things changed, have your opinions changed, have your situations changed, and have those kinds of engagements.

But what one of the challenges is, one, is it too much, so trying to find the right balance between, yeah, we need some data. We need to understand where people are in their lives and their thinking.

But at a certain point if it's not driven toward a particular outcome or toward a particular change, you can blow your budget and overdo you data collection to the point where it's not useful. So I think that there's no perfect ending spot for your monitoring and evaluation. You have to, but you have build in a way to understand where you start, understand where you want to go, and just find benchmarks along the way that indicate are you doing, are you in the ballpark of where you wanted to be or not and assess from there.

MR. INGRAM: Ann Mei.

MS. CHANG: Yeah, I'm a big fan of M&E although what I would say is historically when we look at M&E and development, it's been from an accountability standpoint like, you know, are you corrupt? Did you waste our money? Right. And so it becomes a little bit of a punitive checkbox thing. And what we're trying to do is shift the dialog about M&E to one about learning.

And so we're, at the lab, one of the things we've been doing is we have a new mechanism called Merlin which we are actually experimenting with new M&E tools, and with a particular eye towards how do you understand outcomes in more complex situations, and how do you understand outcomes much more quickly so that it's not like the obligatory midline and end-line evaluation that get stuck on the shelf, but it's about like data points that we're getting back from our users and customers every day, every week, every month that help us continue to inform and improve our programs.

Just coming Silicon Valley, you know, I'm used to having the dashboard every morning that tells me sort of how our experiment went, and then tweaking our algorisms, right? And we don't have that in development, and I think it's one of the reasons that we're not able to make as rapid progress in development as we are in Silicon Valley is because we don't have that data feedback, so we really want to build that in.

I think the other part that is a challenge for us that we're just starting to talk about is, is this question I brought up earlier where a lot of the outcomes you can't really tell until after the end of the program.

MR. INGRAM: Right.

MS. CHANGE: And the way we're structured, our engagement really ends at that point. We have no more money to spend. We have no more people involved at the end of the program. And so we need to figure out how do we actually deploy resources to look back, again to learn so that better informs how we design programs in the future.

MR. INGRAM: And how big is the problem for AID that Sarah mentioned, in one sentence because this could be the topic of a whole other panel, of being able to admit when things go wrong? Is that a major constraint?

MS. CHANG: I think that failure is a big challenge across government. You know, because we have so many, we're stewards of public money, so we have to be very responsible about it, and I think as a result, we are often as conservative as possible.

One of the things that we've found and that we think is a path through that is taking risks that's commensurate with your investment. And so when we're taking risks with small investments like with some of our open innovation competitions, we take very, make very highly risky bets of $100,000 at a time, and we haven't gotten a lot of grief for many of those (inaudible) because they're small bets.

And so we -- in order to embrace more failure as government, we need to learn how to make smaller bets at the same time because you can't take that same risk with $100 million program.

MR. INGRAM: Then, Jane, you see the issue of metrics across multiple corporations, and with your academic hat on. So are there best practices out there? Is there (inaudible)?

MS. NELSON: I don't think there are, but I think the trends that all the three other panelists have highlighted are definitely underway, and a lot of the companies I speak to were (inaudible) in the balance between quantitative and qualitative.

Secondly, that tension, yes, we need to measure some things, but don't try and measure everything. And so that balance right between the cost of measurement and the benefits. And then I think the benefits of M&E, and I just want to build on what Ann Mei said, the accountability issue is still there, and I think there's going to be a lot of onus on the companies as there's more and more talk about the role of private sector and development. There's a lot of sceptics out there, so there is an accountability driver for M&E. But what I'd like to think is taking the partnership field, it becomes the mutual accountability driver where, you know, you're sort of partly holding each other to account not just a donor holding the beneficiary to account.

And then, secondly, I think your enemy as a basis for learning is actually (inaudible) critical. And then linked to that, the incredible potential in a lot of these partnership for M&E to be a basis of capability building on the ground, and the capability building of local partners, local community organizations, et cetera, but one uses the conversation about, well, what have the outcomes been? What have been some of the challenges? You have sort of participation of beneficiaries. They're using social media in other ways to really build some capability on the ground to hold all of us to account.

MR. INGRAM: Okay. I'm turning the program to you. Madeline, has a microphone. No? All right. Josh has a microphone. And so please state your name and be brief. Why don't you take the two gentlemen right here in the middle of the aisle there?

MR. APGAR: Thank you. I'm Sandy Apgar from Baltimore and I set up the U.S. Army's PPP for military housing now in its 20th year, incidentally. The question to all of you is whether this extraordinary fact base and set of insights could be applied to the American inner city. Although this is an AID initiative, as I understand it, the material and, certainly, the descriptions that you all are given strike me as very relevant to what we all are grappling with as citizens, as residents, as others.

And if there is an initiative in there somewhere, and it may not be AID, I understand, but AID may be an extraordinary source of inspiration for this which coming into this I would not have expected, quite frankly.

MR. INGRAM: Actually, the gentleman right in front of him had a question too.

MR. SCHWEITZER: My name is Glenn Schweitzer. I was the first director of the first Science and Technology Office in USAID many years ago.

MS. CHANG: Wow. Great.

MR. SCHWEITZER: At that time, we were talking the same issues you're talking about now.

(Laughter.)

MR. SCHWEITZER: Didn't take long to know that the way the developing countries were doing things, we could do much better. But there was one major stumbling block. Developing county people were pretty perceptive. They said, well, if your companies come in here and pick all the pearls, what's left for our companies? Your companies are going where you can make the most money, but we want out companies to go where they can make the most money. And so this was the way to just continue colonialization of the developing countries.

And let me give you two specific examples, but you've gone a long ways, you must have overcome that somehow. I'm not quite sure. But there are two specific examples. The companies always wanted tax breaks. They wanted tax breaks that the local companies wouldn't get.

Now, does USAID allow them to take tax breaks that the local people can't have tax breaks? And USAID has a lot of clout to force the Ministry of Finance to give them tax breaks.

Secondly, intellectual property. Now, this may be more than a dream than reality, but it was very big in their minds. The way AID solved that problem was every contract, every, there's an AID agreement with every AID country and it's renegotiated every so often.

In those AID agreements in those days it was always written any IPR developed under the auspice of AID, the IRP would go to the local participants. It would not go -- this is an AID program. It's not a moneymaking program. So if there's money to be made through IPR, it would go to the locals.

So would you address those late two issues rather than trying to answer my global question?

MR. INGRAM: Right. Jane, why don't you start on the first one?

MS. NELSON: Yep. Yep.

MR. INGRAM: On applying this domestically. And then ask Ann Mei, and the rest --

MS. NELSON: Well, I think there's enormous opportunity to apply it domestically, and I think both of the companies on our panel are doing that. So there's a number of initiatives, the Initiative for the Competitive Inner City, which is trying to bring together groups of larger companies to build supply chains with your lower income producers in American inner cities. There's something called the 100,000 Opportunities Initiative which is a youth-based, city-based, but looking for opportunities to support youth employment, youth training, youth entrepreneurship. The Resilient Cities Initiative which has a, it started with a sort of a resilience from the (inaudible) perspective, but then realized that you needed a broader sort of community resilience, social resilience. And it's a global program, but American Cities, as well.

But I think the idea of intentionally learning between some of the collective action partnership that USAID is supporting internationally and bringing that back, I'm not sure that's happening, but I think there'd be some real potential there.

MR. INGRAM: Ann, you want to address the second question?

MS. CHANG: Sure, I'll give it a shot. It's great to hear that we're still tackling the same challenges. Hopefully, we'll make a little bit of progress. But, sir, two questions. You know, one of the things we really look at is, you know, when we look at the systems perspective on a lot of these partnerships is really trying to take the distortions out of the market, right. And so I haven't been directly involved in things that involve tax breaks to companies. It's certainly not something we encourage. But in generally, we're trying to foster a fair, competitive marketplace. And I actually believe in, maybe it's a philosophical thing, that for the local companies, it actually serves them better to be in sort of a head-to-head, fair competition because it forces them to get better.

We've seen that market competition in the U.S. and around the world that when there's competition forces all the companies to up their game. And so I think that's a good thing, and I think it needs to be on a level playing field.

You know, one of the things, for example, that we look is with the Ospring solar system companies that we're supporting in different countries, a lot of times they are trying to compete against on-grid electricity that's subsidized in some way, or kerosene that's subsidized in some way. And so, again, we're just trying to figure out how to level the playing field so that the market forces can create fair competition.

On the IPR question, I believe that these days when we fund innovations, it is this sort of outside the partnership space, but when we fund innovations, the IPR language in there basically says that the, any IP created would be made available at public good prices for public good purposes. Right? So in some cases, somebody may come up with an invention for like a low power refrigerator that they might, or low power, low cost medical device that they might make money on in the developed countries, or might sell it in the U.S. for a markup, and then sell it at cost in developing countries which is another way to make businesses sustainable that we think is actually very positive.

MR. INGRAM: Joanna? Sarah?

MS. TUTTLE: Yes, there's a lot of room for application of these principles and strategies domestically. And I was somewhat surprised when I came to Chevron a couple of years ago at the depth of the engagement in the U.S. We followed the same stakeholder engagement, design model, advisory board set of principles in designing our programs in the U.S. We have a specific partnership in Richmond, Virginia, or Richmond, California where there's a large refinery that was designed to really engage the community and have better relations.

So very similar principles. It really comes down to talking and listening to people and understanding what they're saying. And then I think just, you know, so someone made the comment to me a few days ago, hey, partnership is in our DNA. It's in our business DNA. In every country where Chevron operates around he world, the vast, vast majority of employees are host country nationals. We're in joint ventures with the, you know, state owned companies, or the local companies. There's a tremendous amount of business partnership. So we're talking kind of about the social partnership. There's a tremendous amount of business partnership that really gets at local workforce training, education, that I think is kind of an under told story.

MS. THORN: I would just say from our perspective I think, I think we have (inaudible) in that, we're already in those markets, so we're existing there. And so we're not really looking about market entry. We're looking at how do we make those markets that we're in more competitive.

Being in a food business, naturally we're going to work with local sourcing. It makes much more sense just for us both locally, and the majority of our businesses overseas are groceries. And so what we're really looking at is, you know, what's the best way to foster economic growth to hire the right kind of people and create opportunities for more underserved populations, because that leads to more sustainable communities which in the end with enlightened self-interest leads to a better business in those markets.

And so I think it's, I don't think it's as linear anymore, and I think in terms of like big multinational crowds out small business. I'm sure that happens, and I know it happens, but I think there's also an expectation of the countries we're in that we're going to take a mindset of growth and inclusive growth, and that your business is no longer -- there has to be a social good in your business. It's very hard to, you know, I just think that the norms have changed, and that's also why businesses are looking at different ways of operating to create much more sustainable business platforms.

MS. NELSON: And I think just building on that, I was also struck by one of the statistics of your research. If I think I remember correctly, 52 percent of the number of companies that USAID are working with are local companies. They're domestic companies in the developing countries. So I think it's a great example of how USAID has shifted, but it is working with U.S. companies, but it's also increasingly working with domestic local companies and domestic business associations, and building that domestic business capability so that it can be able to complete more internationally.

MR. INGRAM: Okay. Another round. We've got a couple of people up here. Josh. Yeah.

MR. OUTLAW: Tom outlaw of Partnerships and Innovation Advisory at AID. I want to give a shout-out to Brookings. This is the second time I've been here this week. My IQ always goes up when I walk in the door, but it drops immediately when I leave, so I have to keep coming back.

(Laughter.)

MR. OUTLAW: With top up. Was pleased to read in the report about the corporate interviews that were done, and the comment or the critique that one of the big barriers is the misalignment of languages between the public and private. And why don't you folks at AID have more private sector folks who can at least speak our language if not actually have a little experience there.

Having left AID ten years ago, go into private sector, and come back, was very happy to see that in there. And I would like to just give the testimony to something I heard Chris Jurgens say at the State Department yesterday that the agency and the Global Development Lab is trying to build a, I think he was saying a cadre of partnership ninjas, to coin a phrase --

(Laughter.)

MR. OUTLAWS: -- whose day job it is to do this stuff. And unless and until you have that team and that cohort so that it is in the DNA, and there is institutional memory, and the incentive alignment is there to do this stuff not because the way I used to do it, I liked it and I was good at it, but because my annual evaluation was going to be determined on the basis of the quality and quantity of deals that get done.

So I think that's a real sea change that I've seen in the last decade. And I think it's a testament to what Ann Mei has tried to inculcate both here and at HQ, and also more importantly in the field, where a lot of these folks really do have this as their day job.

MR. INGRAM: Thanks for that comment.

MR. OUTLAW: Wanted to connect one dot from the earlier Brookings meeting that I was at just because I think it was, is so relevant which is the extent to which you all think the outcomes based/impact bond mode of investing, and I'm going to coin the term here, is partnerships 5.0, just to one on up Eric Postel, because having seen this, and having seen a lot of thought leadership from both Brookings and Harvard on this, and knowing that Ann Mei is trying to create the mental space inside AID to really catch up with where the domestic scene is, what you all see as the opportunity. It seems a really, really game-changing way to align philanthropic impact seeking and just straight up return seeking capital in a really, really powerful and effective way.

So I'll leave it at that, and thank you guys, very much.

SPEAKER: May I just make a quick comments there, which is, you know, I think we're all on this journey together. I do still feel like there's some structural challenges at AID that make it, that, you know, before we leave here and say we're all going to partner forever, it's hard sometimes. It's much easier to partner with you at AID when there is almost a presidential directive, Power Africa, Feed the Future where the center and the field is oriented around a common goal. For us, it gives us much more data on what's going on. There are people in the center to help connect us to the field, and, you know, I think this is an evolution that we're all going on together, but it is -- I've had a lot of, you know, colleagues of mine say, we can't navigate it because they may not be aligned around power, or food, or some of these bigger initiatives.

And so I think that's just a challenge we should throw out there too that if we're going to be more nimble, we need to be telling people the hell you can't. You can't constrain us this way and tell us how we how we have to do our business. You have to let us be a little more nimble and more flexible too.

MR. INGRAM: Josh, there's another question right over here. This lady.

MS. LAPIN: My name is (inaudible) Lapin. I'm a consultant who works in development and occasionally corporate responsibility. And, oh, about two dozen years ago, I was working on Ivermectin and river blindness, and about a dozen and a half years ago, I was working in a corporation trying to apply some of these development principles as you're doing now.

And thank you so much for your insights. I can see such a marvelous evolution of this PPP approach, and I welcome Brookings studies on this very important topic.

Now, partnerships. A number of you have talked about the similar principles and processes that you see between USAID and corporate entities, and that's important to that partnership. But there's a double partnership when companies and USAID together are working as partners in an emergent economy, because the partnership is between them and then them together with the local population.

And how does the local population perceive that partnership? What are the expectations that the local population may have of a Walmart or a Chevron that they would not have of an AID? And how does this affect your project and the success of your outcome?

MR. INGRAM: Let's take one more question. Hand a microphone to that gentleman right there.

MR. INGRAM: Real quick on the social impact investing bonds. I was struck by that report that one of my colleagues wrote analyzing 60 or 68 bonds that have been done over the last few years. What struck me is that none of them have been at scale, and to my surprise, none of them have involved innovation.

That tells me that we are at the birthing stage of social impact bonds, and we have no idea what their future is like and where they're headed, and are they going to be something that really takes off.

MS. NELSON: (inaudible) one element idea is what George is saying, but at the broader impact investing field, and I think there's been a lot of focus on the role of philanthropists, and sort of smaller players in impact investing field. I think one of the big game changers potentially is to get some of the institutional investors (inaudible) in the big pension funds, and you think about what are the ways, you're just a tiny percentage of large institutional investment funds that could go into supporting some of the grand challenge program, et cetera, I think would be a real game change in terms of mobilizing private finance.

MS. CHANGE: And I just want to thank Tom for the shout-out about our partnerships team. We're going to change Chris here, who leads the partnerships team business card, to director of partnership ninjas. And I think --

MR. INGRAM: He dressed up. He doesn't have his green suit on today.

MS. CHANG: I know. It's underneath his suit. But, you know, one of the things we really had been doing is looking at bringing in more diverse talent into USAID, and looking at different mechanisms for us to be a higher, more different types of talent from different sectors including the private sector which Chris comes from, and I do as well, you know, including scientists, including technologists, and so forth, because we need experts in a lot of these different fields to be effective at our jobs going forwards.

And also to the point on training and, we've trained over 500 staff across USAID on partnerships, right. We believe that this is a real skill and it requires real experience and real expertise to be able to do well.

And so I know we're not there all the way yet, but we're working to get there. And one of the things I would say is I made an earlier comment about, you know, there's a cost to partnerships, and I think one of the things we've proven is the value of partnerships.

But, you know, just like you prove a new innovation, once you've proved the thing, you need to streamline it, right? And so --

(AUDIO ENDS)

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