**Vertical 4. Public & Private Partnerships**

*Launch high-impact multi-sector collaborations involving companies, foundations, non-profits, researchers, regional initiatives, and skilled volunteers*

|  |
| --- |
| **Deliverables:**   1. **An “elevator pitch,” which provides highlights of the content, such as why the approach is important, how it works, and examples of where it has worked** 2. **A short, digestible summary of underlying premises and rationales, supported by research (i.e., not a report)** 3. **Profiles of major categories of candidate users, including specific examples of when, and under what circumstances, the approach may be employed, supported by research into the target audience and their needs** 4. **One or more “success stories” or other learning narratives that highlight the impact of and justification for using this approach.** 5. **Documentation of challenges to deployment, and potential limitations of the approach, including barriers or obstacles encountered within agencies employing the approach** 6. **A “How-To” document, detailing key steps for deploying the approach, including promising practices in adaptation and deployment** 7. **An online inventory of resources** 8. **Examples of policy (e.g. legislation, Executive Order, etc.) that have enabled or encouraged the approach** 9. **Future directions (next practices as opposed to best practices)** |

### **Deliverable 1: Elevator pitch summary**

Public-Private Partnerships (“PPPs” or “P3s”) are joint ventures between the Federal government and non-government parties (including for-profit and non-profit organizations) designed to address public problems. The goals, structure, and governance of the partnership as well as the roles and responsibilities of each partner are mutually determined and in accord with the public interest. PPPs are an effective mechanism to address a wide range of societal challenges such as creating and improving infrastructure, improving public health, or creating desired economic impacts. They are particularly useful when designed as win-win for all partners, set incentive structures and expectations from an early stage, and help catalyze market forces on an issue or in a region where previously there was market failure.

**Why**

Complex problems can be addressed more effectively by drawing on resources and expertise from multiple sectors. PPPs allow agencies to develop new services, improve existing services, and expand more effectively by diversifying funding sources and distributing risk. Some examples of functional, impactful PPPs include combating the spread of [HIV/AIDS](https://www.pepfar.gov/) and improving transport infrastructure.

**How**

A common agenda with clear goals and a structure for engagement is essential for creating a successful and sustainable partnership. While the partnership may encompass traditional binding legal agreements, the partnership itself may not be legally binding. [Ardito, A. [Public-Private Partnerships](https://www.acus.gov/sites/default/files/documents/Partnership%20Report%20Draft%209.7_0.pdf),. Administrative Conference of the United States, September 2016]. Working collaboratively, public and private sector leadership develop a framework to pursue mutually beneficial goals, often with Federal partners offering backbone support to ensure successful implementation of the strategy. Public sector leaders play the most significant and essential role in identifying and brokering collaborative partnerships, often wearing multiple hats as co-investor, convener, risk-mitigator, and innovator.

To initiate and sustain collaborations, work must be based on trust, relationships, and the collaborative power of multi-sector participation; successful partnerships are frequently marked by a tone of openness and solidarity when inviting partners to the table. [Kania, J. & Kramer M.,”[Collective Impact](http://www.ssireview.org/articles/entry/collective_impact)”, Stanford Social Innovation Review, Winter 2011].

Initiating and advancing a public-private partnership requires:

* Policies, processes and tools that support Federal efforts to form and sustain PPPs
* A legal framework to establish and enforce long-term P3 agreements; it’s often useful to create templates for memoranda of understanding, vetting processes, etc. [Ardito, A. [Public-Private Partnerships](https://www.acus.gov/sites/default/files/documents/Partnership%20Report%20Draft%209.7_0.pdf), Administrative Conference of the United States, September 2016].
* Alternative financing mechanisms/innovative procurement to work towards sustainability for partnership, whether within the Federal government or independently spun out
* Skills to manage and oversee projects and partnerships. [“[Public-Private Partnerships](http://www.fhwa.dot.gov/ipd/p3/)”, U.S. Department of Transportation Federal Highway Administration]

For P3s, agencies often also need to develop capabilities that they may have not traditionally possessed. Bringing in personnel or external support to negotiate and manage agreements with private sector partners has frequently been integral to successful P3 launches. Agencies may also need to develop new policy, which can require capacity-building investment in legal, technical, financial and managerial areas. Leaders looking to build P3s should also consider organizational conflicts of interests by identifying any existing connections (i.e. grants, contracts, investigations, enforcement actions, etc.) before engaging in negotiations with a potential partner.

**Deliverable 2: Summary of underlying rationales/evidence**

Faced with resource constraints, Federal, state, and local governments increasingly use P3s as an alternative approach to leverage investment in infrastructure, social services, and other public interests vital to helping economies grow and improving the lives of Americans. By sharing expertise and resources together, P3s can achieve greater impact than programmatic efforts undertaken by the public sector alone. Successful partnerships also spur innovation and economic growth. Recognizing the many benefits of collaboration, organizations are increasingly investing more resources in partnerships. [McKinsey & Company ["Public-Private Partnerships: Harnessing the private sector's unique ability to enhance social impact"](http://mckinseyonsociety.com/downloads/reports/Global-Public-Health/Public_Private_Partnerships_Enhancing_Social_Impact.pdf), Working Document, December 2009]

Different agencies, offices, and initiatives have successfully used PPPs to further their individual missions in areas like health, education, social services, and infrastructure. Partnerships have enabled agencies to leverage investments, distribute risk, and maximize efficiency and effectiveness of public funds by achieving far greater impact with fewer resources. Both financial and human capital from outside the government are brought in to deliver on projects and programs aimed at advancing the public good.

Other benefits of PPPs include:

* Improves operational efficiency by leveraging innovations in other sectors such as technology and research [see DOT [SmartCities Initiative](https://www.transportation.gov/smartcity) for how this is being applied]
* Prevents duplication of investments or activities [["Public-Private Partnerships: Harnessing the private sector's unique ability to enhance social impact"](http://mckinseyonsociety.com/downloads/reports/Global-Public-Health/Public_Private_Partnerships_Enhancing_Social_Impact.pdf), Working Document, Mckinsey & Company, December 2009]
* Increases economies of scale by improving operational efficiency, leveraging innovative tools, approaches, technology and research across sectors to provide improved public services and solve complex problems[["Public-Private Partnerships: Harnessing the private sector's unique ability to enhance social impact"](http://mckinseyonsociety.com/downloads/reports/Global-Public-Health/Public_Private_Partnerships_Enhancing_Social_Impact.pdf), Working Document, Mckinsey & Company, December 2009]
* Creates incentives for private sector partners to deliver projects on time and within budget. [ “[Government Objectives: Benefits and Risks of PPPs](http://ppp.worldbank.org/public-private-partnership/overview/ppp-objectives)”, World Bank Public-Private Partnership in Infrastructure Resource Center, October 2016]
* Augments of limited public sector capacities to meet the growing demand for services. [United Nations ESCAP, “[A Guidebook on PPPs in Infrastructure](http://www.unescap.org/resources/guidebook-public-private-partnership-infrastructure)]
* Showcases the role taxpayer/government funds can play in catalyzing a sector that was previously experiencing market failure. [ “[Introduction to Public-Private Partnerships”,](https://ieg.worldbankgroup.org/Data/reports/chapters/ppp_chap1_0.pdf) Chapter 1, World Bank]
* Brings in longer-term private sector investors or corporate engagement into a sector by de-risking their engagement at first through a partnership with government or philanthropy [see [Feed the Future, 2014](http://www.partneringforinnovation.org/docs/Fintrac_PIModels_Toolkit_14Oct14_fin_web.pdf) for an example]

There are significant national economic benefits, particularly for infrastructure-related P3s. P3s often benefit business and industry associated with infrastructure development (such as construction, equipment, support services). These projects may involve subcontracting opportunities for local firms in areas such as civil works, electrical works, facilities management, security services, cleaning services, and maintenance services. [“[P3 Defined](http://www.fhwa.dot.gov/ipd/p3/defined/)”, Innovative Finance Support, U.S. Department of Transportation Federal Highway Administration]

#### **Deliverable 3: Profiles of major categories of candidate users - examples of when to deploy**

***POTENTIAL PARTNERS & STAKEHOLDERS***

**USG**

**Universities**

**Donors**

**Investors**

**National**

**Governments**

**NGOs**

**Implementers**

**Religious**

**Organizations**

**Multinational**

**Businesses**

**Local/Regional**

**Businesses**

**Financial**

**Institutions**

**Foundations**

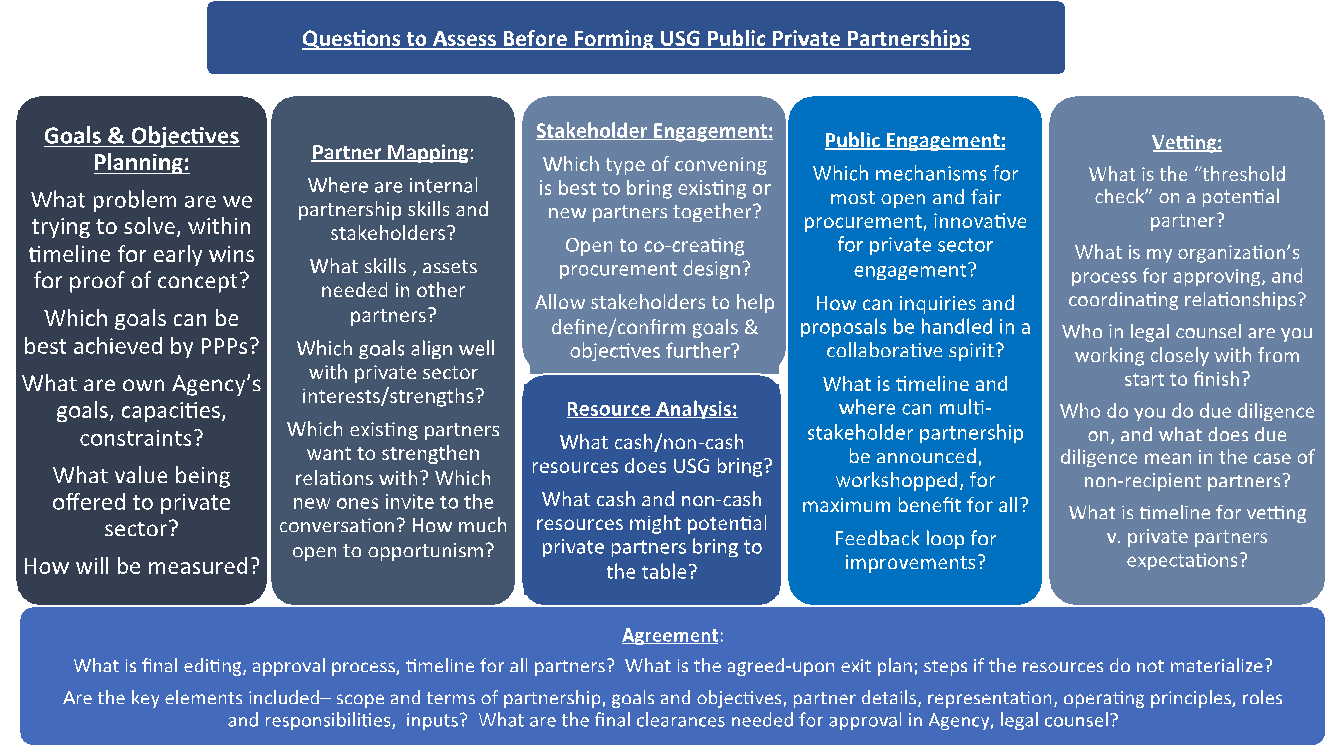
[Gupta B., Personal communications with Policy Design Lab, December 2016]

In P3s, the skills and assets of each sector are drawn upon to deliver a service or facility to the general public. As the P3 model has evolved, more dynamic partnerships have involved additional societal perspectives, including nonprofits, academia, and other stakeholders from different institutions. The underpinning of any P3 agreement is the integration of entities and individuals best suited to support advancement toward a common goal.

Within the Federal government, major candidate users of P3 approaches are:

* Project Managers
* Contract / Procurement Officers
* Program Officers
* Partnerships Officers
* Foreign Commercial Officers.

When considering how to structure a partnership, ask the following questions:



[Gupta B., Personal communications with Policy Design Lab, December 2016]

Public-Philanthropic Partnerships

As the traditional structuring of P3s expand to include additional societal stakeholders, collaboration between government and philanthropic foundations has emerged as a powerful tool in tackling dynamic social issues. Public-philanthropic partnerships typically:

* Collaborate with the government to develop and invest in pilot programs
* Provide partial funding for existing programs
* Assist with capacity building within government and government grantees
* Facilitate discussions amongst government officials, experts and various stakeholder by creating convenings
* Educate the public and members of the policy community
* Provide funding for research and policy analysis
* Conduct evaluations for policy implementation

[Abramson, A., Soskis B., and Toeplet, S., “[Public-Philanthropic Partnerships in the U.S.: A Literature Review of Recent Experiences](http://www.cof.org/sites/default/files/documents/files/GMU-PPP%20Lit%20Review.pdf)”, Council on Foundations, 2012.]

Each of these functions carries with it particular benefits, costs, and risks, and each can fall within a range of positions on a “collaboration continuum.” [Abramson, A., Soskis B., and Toeplet, S., “[Public-Philanthropic Partnerships in the U.S.: A Literature Review of Recent Experiences](http://www.cof.org/sites/default/files/documents/files/GMU-PPP%20Lit%20Review.pdf)”, Council on Foundations, 2012.] At one end of the spectrum are unstructured engagements with little coordination; at the other, formalized partnerships that are characterized by joint-decision making. The degree of alignment between a foundation’s and government’s goals and strategies intensifies as one moves across the continuum, implementation of strategies is increasingly undertaken in concert, and resources are also increasingly aligned and pooled.

One successful example of the public-philanthropic partnership is the [Social Innovation Fund (SIF).](http://www.nationalservice.gov/programs/social-innovation-fund) Lauded as “the most heralded of the Obama administration’s PPP initiatives and the one most closely associated with a new entrepreneurial approach that promotes cross-sector partnerships,” SIF exemplifies a particular variant of the P3 model, where the primary objective of Federal and philanthropic collaboration is the pursuit of leverage and scale. [Abramson, A., Soskis B., and Toeplet, S., “[Public-Philanthropic Partnerships in the U.S.: A Literature Review of Recent Experiences](http://www.cof.org/sites/default/files/documents/files/GMU-PPP%20Lit%20Review.pdf)”, Council on Foundations, 2012.]

SIF demonstrates how the Federal Government can act as a “convener and catalyst” to leverage and promote the power of philanthropy in problem solving, according to Thomas Kalil, Deputy Director for Technology and Innovation for the White House Office of Science and Technology Policy. [Kalil,. T., “[Power Tools for Progress](https://www.whitehouse.gov/sites/default/files/microsites/ostp/power-tools-for-progress-tk.pdf)”, White House Office of Science and Technology Policy, Grantmakers for Effective Organizations Learning Conference, June 6th, 2011]. The SIF was established with the passage of the Edward M. Kennedy [Serve America Act](http://www.nationalservice.gov/about/legislation/edward-m-kennedy-serve-america-act) in April 2009 and housed in the [Corporation for National Community Service.](http://www.nationalservice.gov/about/legislation/edward-m-kennedy-serve-america-act) At its inception, the White House announced it would award through SIF $50 million in allotments of $5 million to $10 million each, to a handful of intermediary grant makers who in turn award grants of $100,000 minimum to service providers for projects that improve measurable outcomes in the areas of economic opportunity, public health, or youth development. In May 2010, five foundations committed an additional $50 million to supplement the fund.

This structure is appropriate to deploy when an agency or department is looking to leverage and catalyze funding from philanthropic foundations that are aligned with the overarching mission of the partnership. The development of a common agenda and creative alignment in the partnership should follow similar structures for P3s.

**Sidebar on history of P3s:**

Public-private partnerships have a long history of augmenting Federal work. Some of our nation’s largest and most impactful undertakings have used the P3 approach. From Thomas Jefferson’s commission of private explorers Lewis and Clark to map and understand the Louisiana Territory, to the construction of the nearly 2000 mile-long Transcontinental Railroad, to the development and commercialization of the Internet, P3 models have harnessed the power and creativity of individuals and entities outside of government to support and tackle big challenges.

Historically, infrastructure partnerships have been the most common P3s aimed at leveraging resources to design, develop, build and maintain roads, rail, airports and related structures. For example, the Department of Transportation has facilitated hundreds of partnerships to engineer waterways, revitalize roads, and construct new airports. [["Public-Private Partnerships - Project Profiles"](http://www.fhwa.dot.gov/ipd/p3/project_profiles/), Innovative Finance Support, U.S. Department of Transportation Federal Highway Administration] Driven by the lack of public financing to support the development of large-scale infrastructure projects, P3s have often used private capital and expertise to fund and build physical infrastructure. P3s have also been used to complete major real estate projects such as mixed-use developments, urban renewal through land and property assembly, public facilities such as convention centers and airports, and public services such as affordable housing [Corrigan et al, ["Ten Principles for Successful Public/Private Partnerships"](http://uli.org/wp-content/uploads/2005/01/TP_Partnerships.pdf), Urban Land Institute, January 2005].

Over time, the approach has morphed into “creative alliances” whereby a government entity and external actors collaborate around a common purpose [Corrigan et al, ["Ten Principles for Successful Public/Private Partnerships"](http://uli.org/wp-content/uploads/2005/01/TP_Partnerships.pdf), Urban Land Institute, January 2005]. Actors from all across society are now integrated into the partnerships. Partnerships around the US have successfully implemented a range of pursuits from single projects to long-term plans for [economic growth](http://downtowndurham.com/about-ddi/), [health](http://www.biomarkersconsortium.org/), [education](http://www.heritage.org/research/reports/2001/08/new-tax-law-boosts-school-construction-with-public-private-partnerships?utm_source=Onvia) and other improvements in the social sector. Community-based organizations representing citizens have engaged in collaborative partnerships to ensure greater stakeholder involvement and buy-in to increase the sustainability of the P3 work in communities. Intermediary groups such as business improvement districts and citizens and neighborhood associations have also been involved to better represent the perspectives of different groups and interests.

#### **Deliverable 4: One or more “success stories” or learning narratives to underscore impact**

**Case Studies**

1. FNIH: Foundation for the National Institutes of Health
2. USAID: Global Development Alliances (GDAs)
3. Power Africa (12 Agencies, hosted at USAID)
4. Global Alliance for Clean Cookstoves (EPA & State Department)

**Case focus (short blurbs)**

1. PACE
2. Feed the Future (Agriculture, USAID)
3. PEPFAR (State Department)

**Case Study 1: Foundation for the National Institutes of Health**

[James, S., Personal communications and phone interview with Policy Design Lab, August 12th, 2016]

**Summary:** [The Foundation for the National Institutes of Health](http://www.fnih.org/) (FNIH) is a non-governmental, non-profit 501(c)3 organization that procures funding for and manages public-private biomedical research collaborations that support the mission of NIH. As established by the U.S. Congress, the Foundation operates as a separate entity with its own independent Board of Directors and management. The Foundation’s independent status enables it to act as a trusted third party, implementer and an effective broker for partnerships that support both government and private sector interests, and that include NIH, FDA, other government agencies, pharmaceutical and technology companies, philanthropic organizations and other non-profits. FNIH activities include organizing and administering large-scale research partnership programs, supporting education and training of new researchers, organizing educational events and symposia, and administering funds to support a broad spectrum of health challenges. As an independent organization, FNIH is authorized to raise private funds and create P3s that benefit the NIH’s mission.

**Key accomplishments (Impact):** The FNIH has created hundreds of cross-disciplinary partnerships that have generated or tested novel approaches to overcome challenges in biomedical research for the prevention and treatment of disease and disability, and provided significant supplementary support for NIH initiatives. The organization stands at the center of a broad portfolio of initiatives that support the mission of the NIH to advance biomedical science and improve lives. Some of the key results of FNIH efforts include:

* [**Research Partnerships**](http://www.fnih.org/what-we-do/current-research-programs/all): Convening scientific experts from government, industry, academia and the not-for-profit sector to collaborate on common goals. Examples include:
  + **Portfolio Supporting NIH Research** — Supporting and raising funds for multiple projects initiated by the NIH, while also convening the right partners within and outside of the NIH.
  + **Global Health** — Coordinating and operating collaborative projects in more than 25 countries.
  + [**Biomarkers Consortium**](http://www.fnih.org/what-we-do/biomarkers-consortium) — Initiating and managing over 20 projects funded with more than $60 million in private dollars, designed to develop and validate biological markers to support new drug development and patient care.
* **Symposia, Events and Exhibits:** Hosting more than 50 events each year are organized to create forums for innovative thinkers in biomedical sciences to share ideas and engage the public in disease and health awareness. [“[What We Do](http://www.fnih.org/what-we-do)”, FNIH]

**How they do it:**

To tackle the human health challenges that face the world today, the FNIH applies its power to draw the right partners into an initiative. The Foundation develops collaborations with top experts from government, industry, academia and the not-for-profit sector and provides an environment where it can work productively toward common goals and solve common problems. Novel partnership or project concepts may be proposed through NIH or by any of FNIH’s network of public or private sector partners, and are further developed and vetted by FNIH staff. While partnerships vary considerably in their goals, scope, and structure, they share the common principle of combining the collective expertise of multiple partners to achieve results that any single entity cannot achieve as effectively on its own.

The NIH Office of the Director provides a final bar of review for ideas generated by NIH. Upon receiving any new project proposal, FNIH staff consults its Board of Directors for a determination as to whether the Foundation should enter into the partnership. FNIH then works with the originator of the concept to come to a better understanding of what they would like to accomplish. [James, S., Personal communications and phone interview with Policy Design Lab, August 12th, 2016]

FNIH’s role and capabilities include project design and management, fundraising, contracting and grant making, intellectual property management, and monitoring and evaluation of project results. In general, partnership development entails:

* *Crafting a common agenda and engaging partners who can support the mission:* Ensuring everyone is in agreement about what they are trying to accomplish. The first step is to define the problem and build consensus around that definition, explains FNIH Science Director Stephanie James. [James, S., Personal communications and phone interview with Policy Design Lab, August 12th, 2016]
* *Determining the type of resources that are required to achieve the solution:* FNIH involves its partnership community to understand collectively what human, technical and financial resources are required to solve the problem.
* *Building an appropriate structure that can be effective in solving the problem*: FNIH does not have a set prescription or blueprint for its partnerships. Activities and structure are designed and tailored to the specific agenda and project. A key requirement is the establishment of a mutually agreed upon governance structure.
* *Creating multiple touch points for project oversight and cultivation of relationships*: FNIH convenes its partners regularly at events, symposia and other activities to allow partners to engage and grow their individual relationships. FNIH-managed projects are subject to ongoing project management, including regular reviews of technical progress and finances.

**Key learning insights:**

* **Facilitate collaboration amongst partnering organizations**
* **Flexible approach to formulating partnerships**
* **Stewardship is critical for successful and sustained partnerships**
* **Creative problem solving**

**Facilitate collaboration amongst partnering organizations**

The FNIH is mission-driven to create a nexus between discovery and collaboration. [ “[What We Do](http://www.fnih.org/what-we-do)”, FNIH] According to Director of Science Dr. Stephanie James, discoveries that advance human health are not simply a matter of bringing together the best minds from government, industry, academia and not-for-profits. Facilitating breakthroughs means helping partner organizations collaborate in ways that harness their full power and potential. [James, S., Personal communications and phone interview with Policy Design Lab, August 12th, 2016]

**Flexible approach to formulating partnerships**

Sitting outside government is central to the success of FNIH, as it provides the ability to act as a bridge between the NIH, the research community, and potential funders. Because FNIH is an external entity, it has increased flexibility for making independent decisions, so long as the decisions align with its role in supporting the mission of the NIH. According to Director of Science Dr. Stephanie James, the bottom line for building partnerships is flexibility: “Typically a potential partner approaches FNIH and explains what it is they’re trying to get accomplished [...] Our role is to try to help them figure out how to make that happen, both structurally and financially.” [James, S., Personal communications and phone interview with Policy Design Lab, August 12th, 2016]

**Stewardship is critical for successful and sustained partnerships**

Bringing people together to facilitate the construction of partnerships, and then serving as a steward and manager to support the continued success of the collaboration, drives much of FNIH’s work. One of the key functions FNIH plays is providing expectation management and coaching to partners from the beginning to the end of the collaboration, according to Julie Wolf-Rodda, FNIH’s Director of Development. [Rodda-Wolf, J., Personal communications and phone interview with Policy Design Lab, August 12th, 2016]

**Creative problem solving**

One of the Foundation’s main roles is to understand what NIH can and cannot do, and structure its efforts accordingly -- supporting collaboration operations, ensuring funding is available, and operating within legal boundaries and frameworks. “A lot of times we end up having to talk to the Office of General Counsel about what can be done and what can’t be done, and then once we have the information, we have to come back and try to think creatively about making it work,” explained Dr. James. [James, S., Personal communications and phone interview with Policy Design Lab, August 12th, 2016]

**To learn more:**

* Review the FNIH [website](http://www.fnih.org/) and discover the various projects it has initiated through collaboration
* FNIH’s interactive [annual report](http://2015-annual-report.fnih.org/) conveys its impact through partnerships

**Case Study 2: USAID’s Global Development Alliances (GDAs)**

[Corso, M., Personal communications with Policy Design Lab, January 2017]

**Summary:** At the start of the 2000s, the U.S. Agency for International Development (USAID) identified an important trend in development funding: The private sector accounted for more than 80 percent of resource flows to the developing world; a reversal from 40 years earlier when official development assistance provided the majority of their resource flows. As a result, vast arrays of new actors were beginning to shape the field of international development assistance [“[USAID History](https://www.usaid.gov/who-we-are/usaid-history)”, United States Agency for International Development].

In response, USAID created the Global Development Alliance mechanism for public-private partnerships. Across nearly every industry and sector, USAID is now working in partnership with both global and local private sector organizations to increase its reach and effectiveness. GDAs do more than just capitalize on philanthropy or corporate social responsibility; instead, they leverage market-based solutions to advance broader development objectives.

**Key accomplishments (Impact):** A global leader in designing and building public-private partnerships for development, since 2001, USAID has built 1,600 partnerships with more than 3,500 unique partner organizations, expecting to leverage $16 billion in non-U.S. government public and private funds. In 2015, USAID reported more than 360 active P3s with at least one private sector partner. Non-U.S. government partners have committed more than $6.4 billion to these partnerships, with $5.9 billion of that coming from the private sector. This means that for each dollar USAID expects to invest through a partnership, private sector partners have committed about $3.35 in both cash and in-kind contributions over the life of the projects.

**How they do it:** GDAs combine the assets and experiences of the private sector (including corporations, foundations, non-governmental organizations (NGOs), universities, local businesses and diaspora groups) and leverage their capital, creativity, and access to markets to solve the complex problems facing governments, businesses, and communities. The partnerships are built on principles of shared value engaging parties at the intersection of business interests and USAID’s development objectives. GDAs are co-designed, co-funded, and co-managed by all partners involved, so that the risks, responsibilities, and rewards of partnership are shared.

The [Global Development Alliance Annual Program Statement](https://www.usaid.gov/gda/global-development-alliance-annual-program) (GDA APS) is an invitation to prospective partners to work side-by-side with USAID and other interested organizations to build transformational partnerships that foster and leverage market-based approaches to solve critical business and development challenges. [“[Global Development Alliance Annual Program Statement](https://www.usaid.gov/gda/global-development-alliance-annual-program)”, United States Agency for International Development]. Furthermore, it provides a process by which various stakeholders can co-create solutions. Concept papers demonstrate clear contribution commitments from the private sector sufficient to meet the 1:1 private sector resource requirement.

In addition to a strong and essential focus on development impact, GDAs have several other core characteristics, including but not limited to:

* Based on Complementary Interests and Objectives: GDAs are built at the intersection of business interests and USAID development objectives.
* Market-Based Approaches and Solutions: In order to promote ongoing, sustainable, and steadily expanding results, GDAs foster and advance market-based or market-driven approaches to development, including but not limited to “shared value” approaches that promote sustainable development results.
* Extensive Co-Creation and Shared Responsibility: GDAs are co-created, co-developed, and co-implemented and entail extensive partnering and collaboration between USAID and the private sector.
* Private Sector Contributions for Increased Impact: GDAs must mobilize and effectively apply significant private sector resources.

These characteristics enable USAID and its partners to work together to leverage business expertise and advance core business interests in a manner that achieves transformational development impact.

**Key learning insights: What are the Guiding Principles of an Alliance?**

Alliances between USAID and its partners are based on [seven key principles](https://www.usaid.gov/gda):

1. **Trust:** Trust is an essential foundation enabling partners to work together despite individual alliance organizations' differing interest, motivations, cultures, values, and infrastructures.
2. **Equity:** Equity implies that each partner is equally welcome and important to an alliance. Global Development Alliances are created on the precept that each partner is of equal value to an alliance.
3. **Competencies:** It is necessary to identify, build, and maximize the roles and responsibilities of each partner according to the alliance's goals and mission. There must be an appropriate competency mix in the partner organizations and individuals to achieve the partnership's goals and interests.
4. **Inclusivity:** Inclusivity concerns the ability for an alliance to process the views and needs of its stakeholders -- those groups who affect and/or are affected by the alliance and its activities -- and to reflect on these expectations at all evolutionary stages of the alliance.
5. **Partnership Alignment:** Each partner should come together to jointly define an alliance's objectives according to overlapping interests and agendas.
6. **Mutual Benefit:** Healthy alliances will work toward achieving specific benefits for each partner over and above the common benefits to all partners. If each partner in an alliance is expected to contribute to the alliance, they should also be entitled to benefit from it.
7. **Transparency:** Openness and honesty in working relationships are pre-conditions of trust. In order to build trust, there must be full, accurate, and timely disclosure of information and communication on a regular basis.

[“[Global Development Alliances](https://www.usaid.gov/gda)”, United States Agency for International Development]

**To learn more:**

* Review USAID’s report on [Partnering for Impact: USAID and the Private Sector](https://www.usaid.gov/sites/default/files/documents/15396/usaid_partnership%20report_FINAL3.pdf)
* Visit [Global Development Alliances](https://www.usaid.gov/gda) for more “how-to” and successful stories from USAID
* Consider taking USAID’s online [course on building partnerships](https://www.usaidallnet.gov/training/ideagp/#91EEDA12-A48D-EF22-E02E-40A8D1B892DA)

**Case Study 3: Global Alliance on Clean Cook Stoves**

[Corso, M., Personal communications with Policy Design Lab, January 2017]

**Summary**

Global Alliance on Clean Cook Stoves (GACC) is a public-private partnership that aims to create a global market for clean and efficient household cooking and fuel solutions. Launched in 2010, GACC has 19 founding partners from the public, private, and NGO sectors. These partners include: five Federal agencies, five government partners, four private foundations/companies, and six UN agencies.

**Key accomplishments (Impact)**

By the end of 2014:

* 28 million households adopted efficient cook stoves and fuel
* GACC’s partner base has grown from 19 to 1300
* GACC mobilized investments worth 413 million dollars in the clean cook stove sector
* GACC helped attract 265 million in carbon finance for the clean cook stove sector [“[Five Years of Impact 2010 – 2015](http://cleancookstoves.org/binary-data/RESOURCE/file/000/000/406-1.pdf)”, Global Alliance for Clean Cookstoves, 2015]

**How they do it:**

GACC utilizes a three pronged approach to mobilize funding, research, and expertise.

* Commitment to financial contribution: The U.S. pledged nearly $51 million to ensure that the Global Alliance for Clean Cookstoves reaches its ‘100 by 20,’ which calls for 100 million homes to adopt clean and efficient stoves and fuels by 2020. [“[The US and the Global Alliance for Clean Cookstoves](https://www.state.gov/r/pa/prs/ps/2010/09/147490.htm)”, Department of State, September 2010]
* Commitment to shared expertise: The organization mobilizes experts in a variety of issues: gender, health, security, economics, and climate change to address significant risk factors. THE U.S. will also offer assistance to implement cookstoves. [“[The US and the Global Alliance for Clean Cookstoves](https://www.state.gov/r/pa/prs/ps/2010/09/147490.htm)”, Department of State, September 2010].
* Commitment to research and development: The U.S. is committed to an applied research and development effort that will serve as the backbone of future efforts in the field that includes analyzing health and environmental benefits of using clean stoves, developing sustainable technologies, and conducting monitoring to ensure success of the Alliance’s goals. [ “[The US and the Global Alliance for Clean Cookstoves](https://www.state.gov/r/pa/prs/ps/2010/09/147490.htm)”, Department of State, September 2010]

**Key learning insights:**

* **Existence of institutional drivers**
* **Organizational culture, identity & networks**
* **P3 development process**

**Existence of institutional drivers**

Powerful institutional players; a well-established industry sector; pre-existing infrastructure, private sector partners, and NGO partners; foreign nations; USAID as an institutional model; and the EPA as a sector developer all served as drivers and executors of the initiative.

**Organizational culture, identity & networks**

The “startup culture” of the organization brought fast-paced, innovative ways of working. Furthermore, fresh ideas in the development space and impact-based investing inspired the young, “go-getter” team to get things done.

**P3 development process**

The State Department facilitated P3 governance by scaling the partnership into a global alliance and devising partnership structures and advisory committees. Collective ownership and the ability to use and leverage bureaucratic politics improved access to international development platforms and anchored initiatives as a whole. The government’s stakeholder agency network and issue-specific interagency process further bolstered efficiency of the organization as a whole.

[Zoli, C., e al, “[Understanding Global Opportunities: Exploring the Role of the US Department of State'sd Office of Global Partnership in Public-Private Partnership Development of the Global Alliance for Clean Cookstoves](http://www.state.gov/documents/organization/251105.pdf)”**,** Technical Report, November 2015**]**

**To learn more:**

* State Department [press release](http://www.state.gov/r/pa/prs/ps/2010/09/147490.htm) about GACC
* GACC [website](http://cleancookstoves.org/)

**Case Focus 1:** [**USAID’s Partnering to Accelerate Entrepreneurship (PACE)**](https://www.usaid.gov/PACE)

[Corso, M., Personal communications with Policy Design Lab, January 2017]

Entrepreneurs play a vital role in driving economic growth, creating jobs and innovating to improve people's’ lives through market-based solutions. Impact investors are looking for a pipeline of businesses to invest in that generate both financial and social returns but are often unable to connect with the early-stage entrepreneurs due to the "pioneer gap" that exists between high-risk, promising early-stage enterprises and impact investors looking for enterprises to invest in.

USAID’s [Partnering to Accelerate Entrepreneurship](https://www.usaid.gov/PACE) (PACE) initiative is focused on fostering entrepreneurship and catalyzing private investment into early stage enterprises operating in developing countries to bridge the pioneer gap and unlock the potential of thousands of promising enterprises around the world. PACE has developed partnerships with more than 40 partners that act as accelerators, seed stage impact investors, and incubators to test ways foster entrepreneurship, expecting to leverage $100 million in combined public and private investments over their lifetime. [“[Partnering to Accelerate Entrepreneurship, Bridging the Pioneer Gap: Supporting Early Stage Entrepreneurs](https://www.usaid.gov/sites/default/files/documents/15396/CTP_Factsheet_PACE_2016.pdf), “United States Agency for International Development, 2016]

**Case Focus 2: Feed the Future Initiative**

[Corso, M., Personal communications with Policy Design Lab, January 2017]

Feed the Future aims to combat global hunger and poverty. It works to give families and communities in some of the world’s poorest countries the freedom and opportunity to lift themselves out of deprivation, while creating the conditions where development assistance is no longer needed. Recognizing that this is a big task, Feed the Future – under USAID leadership – has brought together the talents and resources of a wide range of partners, including businesses. [“[Feed the Future](https://www.usaid.gov/what-we-do/agriculture-and-food-security/increasing-food-security-through-feed-future)”, United States Agency for International Development]

The initiative works with American, multinational, and local companies who see partnerships as making good business sense to develop alliances that deliver on core business strategies as well as development goals. It has become one of the Federal government’s most effective development vehicles for private sector engagement, leveraging more than $600 million in private sector capital investment and helping to create nearly 5,000 public-private partnerships that leverage funds, spur growth, connect markets and empower entrepreneurs. One example is Feed the Future’s work with Root Capital, the Skoll Foundation, the Inter-American Development Bank, and leading coffee companies such as Keurig Green Mountain, Inc., J.M. Smucker, Cooperative Coffees and Starbucks to help smallholder coffee farmers overcome coffee leaf rust and build more resilient livelihoods with training, technical advice and access to finance.

**Case Focus 3: President’s Emergency Plan for Aids Relief (PEPFAR)**

Launched by President Bush in 2003, PEPFAR’s mission is to help save the lives of those suffering from HIV/AIDS by providing antiretroviral treatment, preventing new infections and supporting care around the world. There are 7 US agencies working on this initiative. [["Implementing Agencies,"](http://www.pepfar.gov/about/agencies/index.htm) PEPFAR.] PEPFAR received explicit Congressional authorization to use PPPs to further this mission. Currently, 13 PPPs are part of PEPFAR. [["Partnerships"](http://www.pepfar.gov/partnerships/index.htm), PEPFAR.] In FY 2015, PEPFAR supported HIV testing and counseling for more than 68.2 million people [["Partnerships"](http://www.pepfar.gov/partnerships/index.htm), PEPFAR.] providing a critical entry point to prevention, treatment, and care; and PEPFAR provided care and support for more than 5.5 million orphans and vulnerable children. [["FY 2015 Global Results,"](http://www.pepfar.gov/funding/results/254970.htm) PEPFAR, 2015]

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#### **Deliverable 5: Challenges to deployment / approach limitations**

Public private partnerships work best when everyone involved has a shared vision for what the partnership is trying to accomplish, and when there is equal buy-in, participation, and voice built into the design of the partnership. The potential for greater realized returns through partnership does not come without risk; some estimates have shown that multi-sector partnerships have a modest 50% success rate. [“[A Structured Approach Effective Partnering](https://www.cdc.gov/phpr/partnerships/documents/a_structured_approach_to_effective_partnering.pdf)”, Center for Disease Control, 2014]. Many partnerships fail due to lack of organizational investment, insufficient leadership commitment, and high operational risk. These hurdles are further exacerbated by complications such as undefined roles and responsibilities, unrealistic expectations of partners, poorly aligned capabilities, and cultural differences. A structured approach to managing these risks is essential, given the large investment of time and resources required to manage partnership. [“[A Structured Approach Effective Partnering](https://www.cdc.gov/phpr/partnerships/documents/a_structured_approach_to_effective_partnering.pdf)”, Center for Disease Control, 2014]

**Challenges to deployment in building partnerships**

Various organizers have encountered roadblocks in designing and implementing multi-stakeholder partnerships that users should consider in developing their P3:

* **Timelines**: Government protocol and regulation can be slow and timelines and workflow do not always align with other actors, particularly the private sector [Gupta B., Personal communications with Policy Design Lab, December 2016]
* **Incentive structure**: Staff in the Federal government and partners in the private sector are incentivized differently, which has implications for collaboration, goals and desired impact. [“[A Structured Approach Effective Partnering](https://www.cdc.gov/phpr/partnerships/documents/a_structured_approach_to_effective_partnering.pdf)”, Center for Disease Control, 2014]
* **Cost-structures and lack of flexible procurement**: Regulation has the potential to inhibit approvals on the either side, timelines for budget cycle approvals. [Corrigan et al, ["Ten Principles for Successful Public/Private Partnerships"](http://uli.org/wp-content/uploads/2005/01/TP_Partnerships.pdf), Urban Land Institute, January 2005]
* **Unrealistic expectations**: When expectations and guidelines are not well established at the outset of a partnership, partners can have unrealistic expectations of each other during the course of their time together. Private partners may expect that the Executive will play more of a role than the agency was able to deliver; the agency staff may expect the corporate partner would support and bring further partners than they were able to commit. [Corrigan et al, ["Ten Principles for Successful Public/Private Partnerships"](http://uli.org/wp-content/uploads/2005/01/TP_Partnerships.pdf), Urban Land Institute, January 2005].
* **Unclear agency policies**: In some cases agencies lack the authority and/or explicit direction upon which to engage and support P3. This often leads to internal policy changes and longer than planned timelines due to the need to engage counsel. [Bradley M., Personal communications with Policy Design Lab, January 4th, 2017]
* **Lack of aligned metrics**: Because agencies may have different incentives from the private sector, it may be difficult to agree upon the creation and alignment of metrics upon which to track progress and success. A lack of aligned metrics can lead to slower start times or delayed growth and scale. [Bradley M., Personal communications with Policy Design Lab, January 4th, 2017]
* **Monitoring & Evaluation (M&E):** It is important to develop a robust M&E plan as part of the partnership development, not only to determine which models are delivering the most cost-effective impact and the most sustainable and enduring results, but to also help replicate the best approaches and learn from experience. [USAID team, personal communications with Policy Design Lab, January 12th, 2017]
* **Multi-stakeholder Models**: There are inherent challenges when engaging diverse stakeholders with diverse interests, histories and cultures. Multi-stakeholder alliances bring together government, civil society, and the private sector to address policy concerns, as well as collective action approaches to problem solving, but the process can be the complex and difficult to design, manage, and implement. [USAID team, personal communications with Policy Design Lab, January 12th, 2017]

**Lessons learned in deploying P3s:**

* **Use high-level power to convene**
* **Establish and understand the legal boundaries**
* **Gather partners at the table together**
* **Give people a process**
* **Shared metrics**

**Use high-level power to convene**

High-level leadership can play a role in establishing a call to action, which draws attention to the issue and engages and activates potential stakeholders. The power of an office or individual leader can function as a potent ingredient in facilitating and laying the groundwork for successful, collaborative engagement. Leaders should be brought in to initiate conversation and set the tone around the particular problem facing an agency or department. They can begin the conversation and continue to support the community by keeping it a priority, which sets an expectation that “something big is going to happen in this partnership.” Putting a prominent person on the hook and in support of the initiative is often essential for launch. The caution is to manage expectations with the partners that the partnership needs to continue to make measurable progress even when high level presence may not be there regularly. [Runde D., “[The Future of Public-Private Partnerships: Strengthening a Powerful Instrument for Global Development](https://www.csis.org/analysis/future-public-private-partnerships-strengthening-powerful-instrument-global-development)”, Center for Strategic & International Studies, October 25th, 2013]

**Establish and understand the legal boundaries**

Many architects of P3s explain that legal constraints often stifle creativity in developing P3 models. Understanding and assessing the parameters in which you can work provides a good starting place for determining what is possible. The office of general counsel is often on the speed dial of P3 support staff.

**Give people a process**

Instituting a process to facilitate the goals of the partnership is as important as the actual impact and benefits of creating as P3. The process can be used to define, diagnose, and establish the objectives that the partnership will accomplish and how it will happen, while simultaneously bringing the key stakeholders together to ensure they are bought in to what the partnership aims to create. The process works to establish the goals of the partnership and engage and activate the network of partners you plan to involve.

**Gather partners at the table together (early and often)**

Collaboration begins within the agency or department looking to build partnerships. It requires buy-in and support from various levels of the agency or department, including lawyers, contractors, career civil service, and leadership. Different individuals serve different objectives, thus they may not always be in agreement or willing to provide the support needed to establish a P3. Bringing partners to the table can begin the process of gaining their participation and trust. Career employees need to be at the table to design things and be brought along/onboard. Oftentimes, agencies and private partners both will learn that based on the differential of timelines, budget cycles, etc. it may not make sense to partner on a given topic, given the amount of transaction costs each side will incur for only a small gain through partnership. [Correa, D., Personal communications with the Policy Design Lab, October 2016]

**Shared metrics**

Agencies, as well as private sector partners, and other multi-sector players, spend time and resources in conducting due diligence and vetting. [Ardito, A. [Public-Private Partnerships](https://www.acus.gov/sites/default/files/documents/Partnership%20Report%20Draft%209.7_0.pdf),. Administrative Conference of the United States, September 2016] If there existed a common platform where all agencies could share information on possible partners, due diligence, and vetting, then it would save time for them during the evaluation process.

**Lessons Learned from the ground level**

Former Social Innovation Fund (SIF) program manager Kirsten Breckenridge offered a perspective from working within a public-philanthropic partnership that engaged various philanthropic foundations, nonprofits, and other community-based organizations:

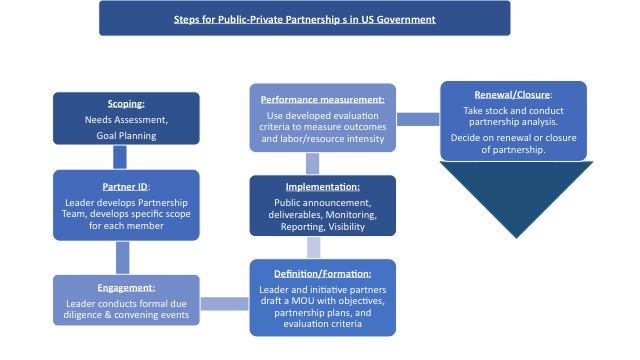
* *Ensure that the right groups are at the table in developing and organizing the partnership.* Some pitfalls that SIF encountered related to the human resource requirements, legal issues, and contracting approaches. Get people at the table together and in alignment with the end-goal. It is helpful to frame the conversation as, “This is where we want to go -- so let’s work backwards and determine how to get there.” The career people need to be at the table upfront and be brought along through the process. Similarly, a legal team that is willing to “get you to yes” in contracting and legal approval is necessary for structuring the partnerships.
* *Work with intermediaries in communities so that an appropriate community-level context is included,* particularly in terms of where funding is focused. The SIF blends Federal funds with philanthropic funds through the intermediary (e.g. the United Way) to enable people on the ground to facilitate.
* *Smooth the understanding and alignment of funding*. One challenge the SIF encountered was the “granular level of dollars.” The initiative was designed to be more unrestricted with the goal of not being overly prescriptive about what the funding could be used for from the Foundation side. However, the challenge was that once “their money touched our money” it was then beholden to the same government restrictions of Federal dollars. This had implications for what the funding could then be used for.

[Breckenridge, K., Phone interview with Policy Design Lab, August 12, 2016]

#### **Deliverable 6: How-To: Steps for deploying, practices for adapting**

Designing a partnership arrangement is an iterative process, and sustained success often relies upon building in feedback loops from start to finish. While acknowledging the diversity of each partnership, some common steps of deployment and practices exist across Federal agencies. To deliver P3 projects, an agency needs to acquire or develop new knowledge, skills and abilities that vary by phase of project development, including policy, legal, technical, financial and managerial capabilities.

Key steps taken to initiate a P3 are: [Gupta B., Personal communications with the Policy Design Lab, December 2016]

1. **Scoping:** issue, needs, goals and objectives.
2. **Partner Identification** and external mapping: Identify agency champions, potential partners, strengths and weaknesses
3. **Engagement**: Build a coalition, conduct due diligence, vetting, convene, set expectations.
4. **Definition & Formation**: understand statutory framework, confirm goals and objectives with all stakeholders in coalition into final procurement. 
5. **Implementation:** announcement, monitoring and oversight of deliverables.
6. **Performance Measurement**: getting incentives right for all parties, design for early wins.
7. **Renewal/Closure**: continuous measurement and feedback loops for decision-making of additional resources or closure of effort.

[Image source: Gupta B., Personal communications with the Policy Design Lab, December 2016]

**1. Scoping:**

The initial scoping effort for a P3 relies on the sponsoring agency to decide and define the issue, needs, goals, and objectives. Beyond the initial framing, revisiting goals and objectives each time a new potential partner organization is approached by any member of the central partnership is essential to keeping the core strong. Scoping well and honestly enough to also assess agency strengths and weaknesses, assets and liabilities, to have a more realistic picture of the goals and objectives one intends to launch the partnership with will help make it more realistic and clear for all parties involved.

**2. Partner Identification: Internal & External champions**

Internal mapping:

Identifying projects that have P3 potential early in the planning process allows agencies to consider how it may fit into long-term performance objectives and fiscal constraints. Early identification can help to position P3 projects for success by ensuring that the delivery model is considered in the scoping, preliminary design, and review of the project. To effectively identify projects with the potential for P3 delivery, agencies may need to build the capacity of expert personnel or bring in outside support early on. For example, the Department of Transportation brought in the support of transportation planners, project engineers and financial analysts to evaluate potential projects to be developed as P3s. Evaluating the feasibility of a P3 project requires estimating the potential life cycle costs of the project, the value of long term revenue streams, and the value of transferring specific risks to the private sector. Similarly, tax expertise is needed to assess tax benefits and obligations that may accrue to the private partner in a long-term agreement. Public agencies have often evaluated the potential feasibility and value of a P3 approach through technical planning, or financial and engineering studies. [“[Successful Practices for P3s](https://www.transportation.gov/sites/dot.gov/files/docs/P3_Successful_Practices_Final_BAH.PDF)”, U.S. Department of Transportation Federal Highway Administration, March 2016]

External Mapping:

Once an issue has been identified and initial goals and objectives internally decided on, reach out to potential partners externally. Public convenings allow for agenda-setting, and open conversation about the desired goal and objectives, among all participants. They create a space for open and transparent discussion about where participants have assets and liabilities that another partner may be able to meet through the alliance being structured, and how trust can be built by coming to a common understanding of goals and objectives all participants agree to work towards.

**3. Engagement: Build a coalition, conduct due diligence, vetting, convene, set expectations**

In any P3 scenario, success begins by establishing a coalition of collaborators interested in solving a problem. In some situations, external partners are brought in even earlier in the process to help with instituting and understanding the framework. [James, S., Personal communications and phone interview with Policy Design Lab, August 12th, 2016] Once the legal parameters have been understood, and the agency or department has determined the domain of interest in deploying the P3, collaboration can begin. Setting priorities for engagement often begin with a call to action whereby a high-level government official highlights the urgency of solving a specific public issue. From here, leaders can bring together various stakeholders to set a common agenda, determine measurable goals and timelines, and begin allocating workflow to partners based on areas of expertise. This initiation helps institute the partnership and facilitates contracting and procurement procedures.

**Some considerations for picking the right partner:**

* Does partner have: Shared policy objectives; help agency acquire new or diversifying resources
  + What foundations, companies, NGOs, and universities share agency’s objectives, or won’t be at contrast with them?
  + What is an agency lacking in abilities, or resources, that a partner can add?
  + Who else may be interested in this effort: other government bureaus, unusual partners?
  + Vetting: Ensure no sanctions or prohibitions; no obvious policy conﬂicts with intended partner

**4. Definition & Formation: understand statutory framework, confirm goals and objectives with all stakeholders in coalition into final procurement**

**Understand the statutory and policy framework**

The statutory framework a government entity (Federal, state, or local) is operating under defines the P3 arrangements that are allowed, which can dictate project selection, funding, management, and other policies for developing the P3 framework. Officials interested in deploying a P3 should first establish the boundaries of legislative and statutory regulations, as these set the parameters for collaborative engagement. Beyond the enabling legislation, agencies can establish specific policies that guide P3 project development. In many successful partnerships, agencies have involved general counsel and contracting experts in the initial framework for developing the partnership.

**Conduct procurement**

Procurement is fundamental to the successful development and deployment of the P3. P3 procurement requires greater structural flexibility than traditional procurement to allow for innovation on the part of bidders, and to provide for more room to negotiate with multiple stakeholders. This often requires P3 architects from inside the government to work directly with contracting and procurement specialists to design a framework that can support the goals of the partnership. P3 developers advise that officials looking to employ the approach get to know their procurement specialists. During actual procurement, agencies may also need financial expertise to assess the financial quality of the bids and technical expertise to assess the qualifications of the bidder. A public agency may want to have experienced legal and technical advisors to help negotiate with the private partner; at the least a good working relationship with their own General Counsel for innovative procurement to advance. [ “[Conducting Procurement for P3s](https://www.fhwa.dot.gov/ipd/pdfs/p3/factsheet_06_conductingprocurement.pdf)”, P3 Toolkit, U.S. Department of Transportation Federal Highway Administration, March 2016]

Steps for drafting partnership procurement: [Ardito, A. [Public-Private Partnerships](https://www.acus.gov/sites/default/files/documents/Partnership%20Report%20Draft%209.7_0.pdf),. Administrative Conference of the United States, September 2016].

* Identify each partner with speciﬁcity.
* Determine and secure the appropriate level of authority to execute authorizing instrument on
* each side.
* Articulate partnership goals and objectives, including the beneﬁts of the partnership to each partner. State with speciﬁcity which agency strategic goals will be achieved through the partnership.
* Articulate what each partner will contribute to in achieving goals and objectives in partnership.
* Summarize partnership program plans.
* Summarize partnership management, oversight and operating policies and procedures.
* Develop evaluation criteria and how performance will be measured.
* Articulate how the partnership will terminate and what, if any, follow-on activities will take place.

**5. Implementation: announcement, monitoring and oversight of deliverables.**

**Announcement**

Improved visibility is often a critical motivator for participation in a public-private partnership. By building a robust strategy for celebrating innovator-participants and enhancing their networks of partners, media, and peers into the plan, the agency can also enhance participation levels into its own program. It Is critical even in the early design stage to think about how to tell the story of this partnership. A high level public figure can serve as a spokesperson and advocate for the project.

[Text adapted from: [US Global Development Lab: Tools for Innovation Programming](https://www.usaid.gov/GlobalDevLab/about/innovation)]

**Monitoring and oversigh**t

After the agreement is designed and signed, the real work begins. The public agency then functions in a management role. Maintaining relationships is a key aspect of the continued monitoring process. Additionally, the agency must manage the contract to ensure that it achieves the performance standards established in the agreement. The performance monitoring and oversight phase may require a strong set of skills within the agency to maintain oversight and evaluation responsibilities in-house. This includes the need for contract management skills to monitor the established performance standards and manage accordingly. In addition, the capacity to monitor technical performance during construction and operations can be critical to ensuring efficient service delivery. [“[P3 Implementation Toolkit](http://www.fhwa.dot.gov/ipd/p3/toolkit/)”]

1. **Performance Measurement: getting incentives right for all parties, design for early wins.**

Measuring innovation is inherently difficult because much of what matters about it is intangible, such as learning about what works and what doesn’t, and the conditions or activities that enable or hinder it. As such, it is important to include metrics for both tangibles and intangible outcomes. Metrics for the intangibles may have to be contextual, for example: proxy indicators, anecdotal evidence, story-telling about the innovation; but they must be included because measuring what is easy instead of what is meaningful will not yield data or analysis. Both the objective and the intended results must be properly defined in order to develop meaningful performance measures. [“[Global Development Alliance Annual Program Statement](https://www.usaid.gov/gda/global-development-alliance-annual-program)”, United States Agency for International Development]

1. **Renewal/Closure: continuous measurement and feedback loops for decision-making of additional resources or closure of effort.**

Continuous measurement frameworks and system support learning and objectives that seek to track whether an innovation progresses between stages, and how it does so. The overall success of a partnership can be captured through a two-fold approach: measuring the process and measuring the impact. This correlation between the two is critical to the partnership. An innovation is an input that evolves over time an this directly effects whether the intended outcomes and impact are achieved. Assumptions about the viability and reliability need to be tested iteratively in order to determine if it creates impact for beneficiaries. If it does so, then the agency can choose to renew the project. [“[Global Development Alliance Annual Program Statement](https://www.usaid.gov/gda/global-development-alliance-annual-program)”, United States Agency for International Development]

**Seven Keys to Success for P3’s**

Though the context for each P3 deployment is unique, common best practices include:

1. **Public sector champions**: Deploy a high-level public figure to serve as a spokesperson and advocate for the project and use of a P3. Whether establishing a call to action, raising public awareness of an issue, or bringing together key stakeholders, well-informed champions play a critical role in messaging and catalyzing support for a P3. Relationships are key, and the person who runs point on the partnership is critical. An ideal champion is someone who has experience within and outside of government.
2. **Statutory Environment:** A statutory foundation for the implementation of the partnership is recommended. To enhance transparency and ensure accountability and a competitive proposal process, the statute should focus on soliciting a call for proposals.
3. **Public sector organizing structure**: A central organizing structure behind the P3 is useful for the successful facilitation and delivery of the intended outcomes for the partnership. Ensuring that a dedicated team exists from conception to implementation to final monitoring of the execution of the partnership is critical to its success.
4. **Detailed contract or business plan:** A P3 is a contractual relationship between the public and private sector, and other possible organizations and institutions, for the execution of a project or service. The contract should define in detail the description of the responsibilities, scope of work, and the risks and benefits of each party within the partnership. The contract can be written as a business plan to formulate
5. **Clearly defined revenue stream:** the private partner, in most cases, provides a significant portion of the funding to support capital improvements or other related investments within the scope of the partnership. The most successful partnerships also have a clear revenue stream for a predetermined period of time. The private sector investment offsets the initial costs and overtime the revenue stream retires the investment and provides an acceptable, sustainable rate of return. The revenue stream is typically generated by a variety of sources such as fees, tolls, availability payments, shadow tolls, tax increment financing, commercial use of underutilized assets, or wide range of other options.
6. **Stakeholder support:** For a partnership to be successful, it must engage a wide range of stakeholders. At each level, wherever possible, successful partnerships offer support for the different stakeholders. Affected employees, the general public, the desired user of the service from the partnership, or other interest groups will all be touched by the partnership. Crafting a strategy that anticipates how to support the stakeholders at every level is a key practice in successful partnerships.
7. **Selective partnership:** The best value in a partnership is not always based on the lowest price. The relationships between partners are the foremost ingredient in a successful partnership model. In addition to the relationship, a candidate’s experience with the discipline or domain is also an important factor in identifying the right partner. Ensuring that there is space to develop and grow the relationship, while establishing an equitable sharing of risk and reward should be considered in selecting and evolving a partnership. [“[Seven Keys to Success for P3s](http://www.ncppp.org/ppp-basics/7-keys/)”, National Council for Public-Private Partnerships,]

Bringing support in-house: Establishing a partnership organization or team to support collaboration [sidebar]

In traditional P3s, the partnership is created and sustained by a single individual or group within the agency or department. Over time, the time required to manage, cultivate, and grow collaborative relationships increases, leading some innovators to consider alternative approaches to establish and advance the goals of an agency through partnerships. Creating a partnership team or external organization, such as that of the [Foundation for the National Institutes of Health](http://www.fnih.org/about) ([FNIH](http://www.fnih.org/about)), brings together an office, team or external entity responsible for managing, coordinating and designing partnerships for an entire organization or agency, in this case, the NIH. In this approach, the external entity develops processes, policies, materials, and other support tools required to manage partnerships. The [Department of Transportation](http://www.fhwa.dot.gov/ipd/p3/default.aspx), [Centers for Disease Control](http://www.cdc.gov/about/business/business-sector/partnering.html), and other agencies have found value in creating in-house units focused on partnership development and building P3s.

**Developing a Request for Proposals using the P3 model** [sidebar]:

After the team has been built and conceptualized the specific problem and platform for engaging the P3 model, a Request for Proposals should be developed and released. The RFP should specify the mission and goals of the partnership, and indicate the measurable objectives that the team is hoping the P3 will accomplish. Consideration of proposals should focus on the best value, and not strictly the lowest price, to ensure quality is obtained with the partnership. Inclusive value for money (VFM) or cost-benefit calculations is one approach to rate and evaluate the potential overall economic value delivered from the various proposals. [“[Practical Tools for PPPs](https://ppp.worldbank.org/public-private-partnership/overview/practical-tools)”, World Bank]

**Conducting a Value for Money analysis [sidebar]**

Value for Money (VFM) is a process used to compare financial impacts of a P3 versus that of a traditional public delivery alternative. A Public Sector Comparator is developed to estimate the hypothetical risk-adjusted cost if a project were to be financed, built and operated by the public sector using its traditional procurement approach. With P3 procurement, the Federal government trades away significant risks in exchange for higher baseline costs and financing costs in the P3 scenario ([source](http://www.fhwa.dot.gov/ipd/p3/toolkit/fact_sheets/)).

Steps to developing a VFM analysis include:

1. Create a Public Sector Comparator to estimate the whole-life cost of carrying out the project through a traditional approach
2. Estimate the whole-life cost P3 alternative (either as proposed by a private bidder or a hypothetical “shadow bid” at the pre-procurement stage).
3. Complete the “apples to apples” comparison of the two approaches.

(For a detailed explanation of how to compile the Public Sector comparator and P3 alternative see [here](http://www.fhwa.dot.gov/ipd/%20forum/vfm_for_ppps/index.htm))

#### **Deliverable 7: Online inventory of resources**

#### **Deliverable 7: Online inventory of resources**

**Contact**

Agencies interested in gaining more insight about crafting strategically aligned commitments and creating multi-sector collaborations are welcome to contact the following individuals:

* Dr. Stephanie James, Director of Science, FNIH – [sjames@fnih.org](mailto:sjames@fnih.org)
* Matthew Corso, Senior Communications and Engagement Adviser, U.S. Global Development Lab, USAID – [mcorso@usaid.gov](mailto:mcorso@usaid.gov)

**Toolkits**

Department of Transportation, Federal Highway Fund, “[P3 Implementation Toolkit](http://www.fhwa.dot.gov/ipd/p3/toolkit/)” – guidance for policymakers on PPPs

United Nations Economic and Social Commission for Asia and the Pacific , “[Public-Private Partnership Readiness Tool](http://www.unescap.org/sites/default/files/ESCAP%20PPP%20Readiness%20Tool.pdf)” – diagnostic tool for government officals to engage private sector

World Bank, “[Practical Tools for PPPs](https://ppp.worldbank.org/public-private-partnership/overview/practical-tools)” – how-to guides, legal frameworks, example agreements, toolkits by sector:

Forum for Youth Investment, “[P3 Proposal Development Toolkit](http://forumfyi.org/P3resources)” – key resources P3 proposal development, oriented at youth employment

Collective Impact Forum, “[Resources](https://collectiveimpactforum.org/resources)” webinars, presentations, and cases for implementing collaborative approaches using collective impact

**Courses and multimedia**

Institute of Public-Private Partnerships, “[Courses](http://www.ip3.org/ip3_site/index.php/courses/online-courses)”, IP3 at Tetra Tech

United Nations Economic and Social Commission for Asia and the Pacific, “[E-Learning Series on Building P3s from United Nations](http://www.unescap.org/our-work/transport/financing-and-private-sector-participation/public-private-partnership-course)”

**Literature and further reading:**

Boothe, P, et al., “[The Procurement of Public Infrastructure- Comparing P3 and Traditional Approaches](https://www.ivey.uwo.ca/cmsmedia/1964203/comparing-p3-and-traditional-approaches.pdf)”, Ivey, Lawerence National Centre for Policy and Management, 2015.

Abramson, A., Soskis B., and Toeplet, S., “[Public-Philanthropic Partnerships in the U.S.: A Literature Review of Recent Experiences](http://www.cof.org/sites/default/files/documents/files/GMU-PPP%20Lit%20Review.pdf)”, Council on Foundations, 2012.

Ardito, A. [Public-Private Partnerships](https://www.acus.gov/sites/default/files/documents/Partnership%20Report%20Draft%209.7_0.pdf),. Administrative Conference of the United States, September 2016

McKinsey and Company, “[Harnessing the private sector’s unique ability to enhance social impact"](http://mckinseyonsociety.com/downloads/reports/Global-Public-Health/Public_Private_Partnerships_Enhancing_Social_Impact.pdf), Working Paper, 2009.

Global Network for Advanced Management, “[Are PPPs the Best Way to Provide Government Services](http://insights.som.yale.edu/insights/are-public-private-partnerships-the-best-way-to-provide-government-services)?”, Yale School of Management, October 2015.

Eggers, W., and Macmillan, P. “[The Solution Revolution: How Business, Government, and Social Enterprises Are Teaming Up to Solve Societys Toughest Problems](https://www2.deloitte.com/global/en/pages/public-sector/articles/solution-revolution.html)”, Harvard Business Review Press, 2013.

Lynn, J., et al., “[When Backbone Organizations Become the Funder: The Use of Fiscal Intermediaries in the Context of Collective Impact](http://scholarworks.gvsu.edu/tfr/vol7/iss4/9/)”, The Foundation Review, Vol. 7, Num. 4, 2015

Bailey, C., et al, “[Federal Public-Private Partnerships: The Basics of Finance and Why This Is Important to You](http://m.boozallen.com/content/dam/boozallen/documents/2015/01/Federal_Public_Private_Partnerships_Viewpoint.pdf)”, Booz Allen Hamilton, Report, 2014.

**Resources on partnerships from the White House**

Kalil,. T., “[Power Tools for Progress](https://www.whitehouse.gov/sites/default/files/microsites/ostp/power-tools-for-progress-tk.pdf)”, White House Office of Science and Technology Policy, Grantmakers for Effective Organizations Learning Conference, June 6th, 2011 – speech on the role of power of convening from within the White House.

White House and My Brother’s Keeper Webinars:

1. [Webinar: How to create a culture of evidence in your community/organization](https://www.whitehouse.gov/sites/default/files/video/mbk_webinar_recording_52516.mp4)
2. [Webinar: Identifying and Contributing to "What Works"](https://www.whitehouse.gov/sites/default/files/video/Webinar_Recording_062216.mp4)
3. [Webinar: Evaluation and Evidence-Based Decision-Making](https://www.whitehouse.gov/sites/default/files/video/webinar_recording_7.20.16.mp4)
4. [Webinar: Innovative Funding Models to Advance “What Works”](https://www.whitehouse.gov/sites/default/files/video/webinar_recording_8.17.16.mp4)

#### **Deliverable 8: Examples of policy that have enabled or encouraged approach (legislation, exec order)**

Legislation

[American Recovery and Reinvestment Act of 2009](https://www.gpo.gov/fdsys/pkg/BILLS-111hr1enr/pdf/BILLS-111hr1enr.pdf) - authorized $126 billion for infrastructure projects, some of which have evolved into P3s by leveraging funding to incite private sector investment and involvement.

[Edward M. Kennedy Serve America Act](http://www.nationalservice.gov/about/legislation/edward-m-kennedy-serve-america-act) in April 2009 - reauthorized and expanded national service programs administered by the Corporation for National and Community Service (CNCS), establishing new parameters of engagement with nonprofits, community-based organizations, and foundations.

Policy Guidance

“[Realizing the full-potential of government-held spectrum to spur economic growth: Report to the President](https://www.whitehouse.gov/sites/default/files/microsites/ostp/pcast_spectrum_report_final_july_20_2012.pdf)”, President’s Council of Advisors on Science and Technology (PCAST), Executive Office of the President, July 2012 - established priorities for engaging the scientific community, and where and how P3s could be used to support strategic objectives of PCAST.

“[Principles for Federal Engagement in Standards Activities to Address National Priorities](https://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-08.pdf)”, Memorandum for the Heads of Executive Departments and agencies, January 17th, 2012. This memo laid the foundation for how to catalyze technology and private sector in supporting American innovation.

[“Public Private Partnerships”,](https://www.acus.gov/sites/default/files/documents/Partnership%20Report%20Draft%209.7_0.pdf) Administrative Conference of the United States, September 7, 2016. Established best practices for agencies including creating offices for strategic partnerships and suggested that the administration issue an Executive Order regarding Public-Private Partnerships.

[“Executive Order – Global Entrepreneurship”](http://www.whitehouse.gov/the-press-office/2016/06/24/executive-order-global-entrepreneurship)

The White House Office of the Press Secretary, June 24, 2016. Set forth the goals of several programs designed to connect American and foreign entrepreneurs with the Federal government, including the Presidential Ambassadors for Global Entrepreneurship (PAGE) program and the Global Entrepreneurship Summit.

[“National Security Strategy”](http://www.whitehouse.gov/sites/default/files/docs/2015_national_security_strategy.pdf)

The White House, February 2015. Elevated entrepreneurship and development in emerging regions, specifically by investing in Africa.

[“Public-Private Partnerships in Foreign Aid: Leveraging Taxpayer Dollars for Greater Impact and Relevance”](http://www.foreign.senate.gov/imo/media/doc/071216_Runde_Testimony.pdf)

Statement before the Senator Foreign Relations Subcommittee on State Department and USAID Management, International Organizations, and Bilateral International Development, Center for Strategic and International Studies. Communicated to legislators the US’ role in development, and the dynamic atmosphere that is international development.

“[Compendium of Federal Public-Private Partnership Authorities for Infrastructure Investments](http://www.cmts.gov/downloads/Compendium_of_Public-Private-Partnership(P3)_Authorities_for_Infrastructure_Investment.pdf)”, Committee on the Marine Transportation System, September 2015, resource on related authorities in designing and developing P3 models.

“[Public Private Partnerships: Balancing the needs of the public and private sector to finance the nation’s infrastructure](http://transportation.house.gov/uploadedfiles/p3_panel_report.pdf)”: In January 2014, a House panel examined the current state of P3s across all modes of transportation, economic development, public buildings, water, and maritime infrastructure and equipment, and make recommendations for how to balance the needs of the public and private sectors when considering, developing, and implementing P3 projects to finance the nation’s infrastructure.

**Deliverable 9: Future directions (“next practices as opposed to best practices”)**

As society becomes more networked and globalized, new solutions are needed that engages all possible sectors and resources. The strict P3 model has already begun to evolve and adapt in certain contexts:

**Alternative structure considerations for P3s:**

* SIBs – Social Impact Bonds are based on the concept that you pay providers for a service provided once they demonstrate success. The recent Pay for Success legislation makes it easier for government agencies to use this structure. [crosslink to PFS content]
* USAID has developed mechanisms to promote private sector engagement and ‘co-creation’ with partners. These include the Development Credit Authority (DCA). In emerging markets, eight out of ten small businesses cannot access the loans they need to grow. USAID’s Development Credit Authority (DCA) uses risk-sharing agreements to mobilize local private capital to fill this financing gap. [“[Development Credit Authority](https://www.usaid.gov/what-we-do/economic-growth-and-trade/development-credit-authority-putting-local-wealth-work)”, United States Agency for International Development] [crosslink to USAID Deep Dive & Operational Innovation]
* Hybrid Federal government/private initiatives to spin out independently after incubation period. This is already being done by agencies like SBA / Commerce / OPIC.
* Use a technology platform to spur co-investment into domestic & global entrepreneurs.
* Corporate Venturing / Impact Sourcing – Agencies including USAID, USTR, OPIC are collaborating with private sector.

As P3s continue to shift and adapt to the conditions of communities and public sector responsibilities, increased collaboration and engagement with all actors of society has become ever more important. These new creative alliances have room to advance and be adopted across all agencies.

**Collective Impact: an alternative framework for engagement as next practice [sidebar] [crosslink V5 language]:**

As P3s have become more complex, a need for a process of engagement emerged from research on successful collaboration [Kania, J. & Kramer M.,”[Collective Impact](http://www.ssireview.org/articles/entry/collective_impact)”, Stanford Social Innovation Review, Winter 2011]. The concept of collective impact follows from the belief that to solve complex problems, all actors across society must be engaged to achieve sustained impact and address the root cause of societal issues.

The recipe for a collective impact approach involves five ingredients: [Kania, J. & Kramer M.,”[Collective Impact](http://www.ssireview.org/articles/entry/collective_impact)”, Stanford Social Innovation Review, Winter 2011]

* **Common Agenda**: successful partnerships start by coming together to collectively define the problem and create a shared vision to solve it. All participants are brought together to craft a shared vision for how things will look different as a result of the collaboration, one that includes a common understanding of the problem and a joint approach to solving it through agreed upon actions.
* **Backbone organization:** a dedicated team within or outside of government orchestrating the work of the group, working behind the scenes to make sure that the collaboration is moving in the right direction. Creating and managing collective impact requires a separate organization and staff with a very specific set of skills to serve as the backbone for the entire initiative. Coordination takes time, and none of the implementing partners has any to spare. The expectation that collaboration can occur without a supporting infrastructure is one of the most frequent reasons why partnerships fail.
* **Shared metrics:** shared metrics establish an agreed upon series of measurement that enables all participants to track progress in the same way. This improves the collective understanding of whether the partnership is achieving its goals and allows for continuous improvement.
* **Continuous communication:** building trust and relationships across all partners and participants is critical to the sustained success of collaboration. Instituting a strategic approach to communication across partners has demonstrated to be key for addressing complex challenges through collaboration.
* **Mutually reinforcing activities:** this means coordinating collective efforts to maximize the end result. This feeds on the trust and relationships across the partners and is supported by continuous communication. Collective impact initiatives depend on a diverse group of stakeholders working together, not by requiring that all participants do the same thing, but by encouraging each participant to undertake the specific set of activities at which it excels in a way that supports and is coordinated with the actions of others.