

Deloitte Review

ISSUE 6 | 2010

Complimentary article reprint



On Public-Private Partnerships:

A Conversation with
Ambassador Elizabeth
Frawley Bagley

INTERVIEW BY WILLIAM D. EGGERS
> PHOTOGRAPHY BY MATT LENNERT

Deloitte.

This publication contains general information only, and none of Deloitte Touche Tohmatsu, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

Copyright © 2010 Deloitte Development LLC. All rights reserved.



On Public-Private Partnerships:

A Conversation with Ambassador Elizabeth Frawley Bagley

INTERVIEW BY WILLIAM D. EGGERS > PHOTOGRAPHY BY MATT LENNERT

The past several decades have witnessed a marked shift in sources of foreign aid. Whereas the bulk of the money flowing from the United States to the developing world in the 1960s was official development assistance, today over 80 percent of it comes from private sources. In response to the increased role the private sector and civil society are playing in international development, the U.S. Department of State is shifting the way it views the department's role in advancing U.S. foreign policy objectives.

To better integrate the development work being undertaken across regions and by different sectors, the State Department has created a new office under Secretary of State Hillary Rodham Clinton responsible for creating partnerships with individuals, businesses and not-for-profit organizations around issues of common interest ranging from food security to HIV/AIDS.

To lead this effort, Ambassador Elizabeth Frawley Bagley was appointed Special Representative for Global Partnerships. In this role, she leads the State Department's new Global Partnership Initiative, making public-private partnerships a core component of diplomacy. A seasoned diplomat, Ambassador Bagley comes to this newly created position having previously served as Senior Advisor to Secretary of State Madeleine Albright and as U.S. Ambassador to Portugal.

EGGERS: WHAT IS THE GLOBAL PARTNERSHIP INITIATIVE?

BAGLEY: The Global Partnership Initiative was established by Secretary of State Hillary Clinton on April 22, 2009. The idea for my appointment, the first Special Representative for Global Partnerships, is to enhance the ability of the State Department to work with foundations, corporations, non-governmental organizations and diasporas—everyone from Indians to Haitians to the Irish—in pursuit of common goals.

This can mean everything from working with General Mills on food security issues or MTV on documentaries, music videos, and public service announcements on sex trafficking

through the MTV EXIT (End Exploitation and Trafficking) campaign that has reached audiences across Europe and Asia.

We also partnered with YouTube and the National Democratic Institute and the International Republican Institute to do the Democracy Video Challenge. We had 900 contestants from 95 different countries. Six young filmmakers won. It was an amazing partnership.

EGGERS: WHAT WERE THE GAPS YOU WERE TRYING TO FILL BY LAUNCHING THIS INITIATIVE?

BAGLEY: President Obama and Secretary Clinton have said that government can't do it alone. Nor can businesses, corporations or foundations. Due to the increased interconnectedness in the world, we must be more collaborative. Government has to know that they have to work with corporations in order to leverage their core competencies with our core competencies for the common good.

It also helps to avoid duplication because a company could be going to Kenya, for example, where there are so many projects, and start a project that is duplicative. Or you could have one great project that everyone gets involved in and uses the best of what they have rather than throwing money at another problem that may not be even sustainable.

So we want projects that are sustainable and collaborative. We are using our convening and integrating power to scale up something that really is good that needs more attention, such as when Secretary Clinton went to Africa and witnessed firsthand a partnership in Angola with Chevron, for example. And by her just giving it attention, shining a light on that, it can be scaled up because people became more interested.

EGGERS: COULD YOU ELABORATE ON THE CHEVRON PROJECT IN ANGOLA?

BAGLEY: Chevron has worked with USAID in Angola on food security. Coming out of the war, the company recognized that the ex-combatants needed to be taught farming skills as there was a lot of knowledge lost during the war. Chevron partnered with the USG and NGOs to help the farmers.

EGGERS: ARE THERE A LOT OF THESE KINDS OF PARTNERSHIPS GOING ON NOW?

BAGLEY: Yes. We recently announced at the Clinton Global Initiative a new partnership on food security, an important issue for the Administration. We will commit about \$21 million to partnerships in this area.

One of the dozens of companies we're working with on this is General Mills, which is using its core competencies to help small and medium enterprises in sub-Saharan Africa to create better, more nutritious and more sustainable food. We'll be scaling that up and using it as a model for other countries.

EGGERS: IN THE 1960S, NEARLY 70 PERCENT OF ALL THE MONEY FLOWING FROM THE UNITED STATES TO THE DEVELOPING WORLD WAS OFFICIAL DEVELOPMENT ASSISTANCE. TODAY OVER 80 PERCENT IS FROM PRIVATE SOURCES. HOW DID THAT COME ABOUT AND WHAT ARE THE IMPLICATIONS FOR OUR FOREIGN POLICY?

BAGLEY: It is an amazing figure. This came about because more and more corporations, foundations and non-governmental organizations (NGOs) were entering these countries.

I think it came about due to the globalization of the world economy. Even though we've scaled up on what we do as a government, the big development is the proliferation of companies, nonprofits, for-profits and foundations. It just shows how the world has changed. Foreign policy is not just made by governments anymore.

EGGERS: HOW DO YOU BALANCE THE NEEDS OF COMPANIES, THE ROLE OF THE GOVERNMENT AND THE NEEDS OF THE COUNTRY INVOLVED?

BAGLEY: I think companies have realized that they can't exploit the local market. It's not only not good moral practice but it's not good business, because if you go in and basically ravage a country, you're not getting anything out of it. You're not developing sustainable solutions for whatever business you're involved in. I think companies realize as we do this that they can't do it alone, that they need us to be there with them to be partners and that they have to be more strategic about how they do business. They have to be more socially responsible than in the old days.

EGGERS: HOW DIFFERENT IS THIS THAN WHAT AMBASSADORS HAVE DONE TRADITIONALLY?

BAGLEY: Oh, very different. When I was an ambassador previously, the State Department had a foreign commercial service – which still exists but has been scaled back a lot. We always said you can't be strong at home unless you're also strong abroad.

We tried to advocate for American companies coming in and getting contracts and really making a difference in other countries. But it was never really about: How do you help this country? It wasn't that kind of a threshold. So this is now a really different way of looking at it. To be successful, we will need to change the culture of the department.

We have to embed this Public-Private Partnership (PPP) model into each embassy. Each embassy should have its own PPP person. There should also be partnership courses at the Foreign Service Institute.

Our goal is that if they have a project, they should be asking: What company do you think might be interested?

EGGERS: SO THE ROLE OF AMBASSADORS BECOMES A CONNECTOR AND CONVENER?

BAGLEY: Exactly. The ambassador is his or her own convener. Secretary Clinton visits a country and she will go see a public-private partnership. When we first started our Africa trip, there was no mention of public-private partnerships. Secretary Clinton was going to South Africa and Kenya and all these great countries where we have a lot going on. And so we inserted that topic into the trip. In the future we would hope that

our ambassador of Kenya, South Africa, Brazil, or wherever would have orchestrated these public-private partnerships on the ground and would be able to highlight them.

EGGERS: YOU AND SECRETARY CLINTON HAVE SAID THAT YOUR PRIMARY OBJECTIVE IS TO PRODUCE OUTCOMES THAT HAVE A GREATER IMPACT THAN THOSE THAT COULD BE ACHIEVED WITHOUT PPPS. LET'S LOOK AT AN ISSUE LIKE CLEAN WATER. HOW CAN A PRIVATE SECTOR COMPANY HELP THE STATE DEPARTMENT OR USAID MULTILATERAL INSTITUTIONS IN THE HOST COUNTRIES TACKLE THIS ISSUE?

BAGLEY: Coca Cola is a good example. Do you know that it takes one and a half liters of water to make one liter of soda? Coca-Cola understands water. It is the prime component of their product. The company has made it their mission to ensure that people in the communities surrounding their bottling plants have the same access to good clean water that the company accesses. The company is also ensuring that the water coming out of their plants is also good clean water.

EGGERS: FROM A BUSINESS PERSPECTIVE, WHAT IS THE ECONOMIC INCENTIVE TO DO THAT?

Coca-Cola has been playing a role in helping supply more clean water in Africa... It is about good business and good business practices... Doing well by doing good.

BAGLEY: Coca-Cola has been playing a role in helping supply more clean water in Africa. Communities need clean water, of course, for health, hygiene and also for food. It is about good business and good business practices. What Coca-Cola wants to do is be able to give water to do even more. Doing well by doing good.

EGGERS: YOU'VE BEEN MEETING WITH A LOT OF CEOS ON THIS. WHAT DO THEY THINK OF THE INITIATIVE?

BAGLEY: Most of them are way ahead, engaged in the world in a really strategic way, doing great things that you would normally associate with a government agency like USAID, the State Department, or the Peace Corps. To leverage this, we're looking at models for a business

corps. It would be like a Peace Corps but composed of businesspeople who would volunteer to go overseas for up to six months.

EGGERS: HOW MUCH OF A TRANSFORMATION IS ALL THIS? DOES IT REPRESENT A COMPLETE RETHINKING OF HOW AMERICAN FOREIGN POLICY ENGAGES THE PRIVATE SECTOR? OR IS IT MORE OF AN INCREMENTAL CHANGE? AND THEN WHAT DOES THE STATE DEPARTMENT OR USAID OR OTHER GOVERNMENT INSTITUTIONS THAT ARE OVERSEAS – WHAT DO THEY NEED TO DO DIFFERENTLY TO FULLY LEVERAGE THE POWER OF PARTNERSHIPS?

BAGLEY: It's completely different than the way we did business. The international community is looking to us again as both a moral leader and a financial leader. And I think we have certainly more responsibilities: to show our values and demonstrate that we're the most philanthropic country in the world – and to be able to show that our corporations are equally philanthropic. It says a lot about America. Take our recent response to the (tsunami) and the floods and the earthquakes in Indonesia and in the Philippines. We were there responding, and we are now helping start the rebuilding process.

How do we do that? We bring in the corporations and we bring in NGOs and foundations to scale up what we would have done in the past, but much more efficiently this time by using the core competencies of other entities.

EGGERS: FIVE YEARS FROM NOW, WHAT KINDS OF RESULTS OR CHANGES WOULD YOU LIKE TO BE ABLE TO POINT TO FROM THE PARTNERSHIP INITIATIVES? IS IT SOMETHING WHERE YOU WANT TO GET IT EMBEDDED THROUGHOUT THE STATE DEPARTMENT, WHERE IT BECOMES A CORE PART OF HOW OUR FOREIGN SERVICE THINKS? OR IS THAT TOO AMBITIOUS?

BAGLEY: I don't think it's that big of a reach. I think we just have to get our Foreign Service officers to think in those terms when they perform their jobs. They have to look through that PPP prism because I don't think they were used to looking at things this way. Do I think that can happen? You hear it every single day from Barack Obama and Hillary Clinton. Partnerships, global partnerships. I think intellectually they all get it; putting it into practice will take a little bit longer.

At the end of our tenure here, I would like to be able to say we have played a role in implementing his vision and her vision—the president’s vision and the secretary’s vision—by using PPPs, whether it’s on food security or improving the lives of women and girls or engaging the Muslim world.

EGGERS: WHEN YOU MEET WITH CEOS AND COMPANIES, WHAT DO THEY SAY ARE THE ONE OR TWO MOST IMPORTANT THINGS THAT THE STATE DEPARTMENT COULD DO TO HELP—TO LEVERAGE—WHAT THEY’RE ALREADY DOING?

BAGLEY: They’re asking us more for validation than they are for money per se. They want to be part of this strategic foreign policy. They want to help. They want to be there, and they want to be part of the American foreign policy agenda, and they want to help make that a success.

EGGERS: SPEAKING OF THE INTERSECTION OF THE PUBLIC, PRIVATE SECTOR AND FOREIGN POLICY AND AGENDA, THIS INTERVIEW WILL APPEAR RIGHT AROUND THE TIME OF THE ANNUAL DAVOS MEETING. WHAT MESSAGE WOULD YOU LIKE TO SEND TO ATTENDEES ABOUT WHAT YOU’RE DOING AND WHY THEY SHOULD GET INVOLVED?

BAGLEY: As Hillary Clinton has said, the doors to the State Department are open. We’re the point of contact. And we would want people to have an interest in moving the agenda. Where we have the same foreign policy goals and aspirations, we could work together in various countries for common purposes. That’s more than I think they have had in the past.

But you can’t just come here and talk about these issues. After you tell us what you’re going to do and develop a commitment, we are very focused on making sure it happens so we can achieve real results together.

We do have a lot to offer. And we have the prestige of the United States government. And we have the expertise on the ground with our embassies. So we need to use all of that. We need to use our tools. We need to use your tools. Together we can accomplish great things.

William D. Eggers is a global director for Deloitte Research, Deloitte Services LP, and director of the Deloitte Public Leadership Institute.