**Maximizing the Value of
Philanthropic Efforts through
Planned Partnerships
between the U.S. Government
and Private Foundations**

May 1, 2009

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EXECUTIVE SUMMARY

Americans, through private donations and public resources, lend their support to the promotion of human and social welfare on a large scale. In 2006, combined public-private philanthropic donations and spending reached $1 trillion.[1] *Giving USA* (2007) estimates that private charitable giving in the U.S. totaled nearly $300 billion in 2006—roughly $1,000 for every American. The private sector philanthropic activities supported by these donations sometimes dovetail with US government programs and initiatives. Other times, however, public and private funds are devoted to similar tasks with little or no coordination between them.

In an environment of increasingly urgent domestic and international challenges and finite public and private resources, there is a compelling policy interest in better understanding the interactions between the two sectors' efforts and learning how to promote more effective collaborations. To improve their knowledge of the intersection between private philanthropic efforts addressing health and social services and similar public initiatives funded by the federal government across the country and around the world, the Assistant Secretary for Planning and Evaluation (ASPE) at the U.S. Department of Health and Human Services (DHHS) contracted with Mathematica Policy Research, Inc. (MPR) to study public and private philanthropic activity. The exploratory study was designed to examine whether and how public and private philanthropic efforts can complement each other to improve effectiveness of services and programs.

Unlike the donations of individuals, households, and businesses, foundations and U.S. government (USG) agencies expend their philanthropic dollars through large, carefully planned and budgeted grant or assistance programs. Because of this similarity in the scope of their efforts and approach, and the multiple opportunities for interactions between the two sectors, the study focused on foundation and government spending, approaches, and interactions. First, MPR analyzed public-use and secondary data on federal government and foundation spending on health and human services initiatives in the U.S. and the developing world to understand the scope, distribution, and overlaps of spending. Second, we reviewed the literature on USG and foundation philanthropic approaches to understand the processes by which the two sectors develop, implement, and sustain their domestic and international health and social services initiatives and to identify different models of USG-private sector interaction in philanthropic efforts. Third, we conducted case studies focusing on contextual factors that might influence the feasibility and success of partnerships to empirically examine the development and implementation of these different models.

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[1] For purposes of this report, we use the term "philanthropy" to refer both to foundation and US government spending on comparable health and social service programs. Where specific government figures are cited, these exclude large health and social service entitlement programs such as Medicare, Medicaid, and Social Security. For an expanded discussion of what is treated as philanthropy, see Appendix C.

FINDINGS

The study found that many foundation and USG priorities overlap, interactions between the two sectors are common, and partnerships between them can be fruitful. The study also showed that partnerships involve costs as well as benefits, so they may not be appropriate in all cases and they should be considered and developed with care. USG-foundation interactions vary, and similarities and differences between the sectors affect whether and how partnerships operate. By thinking more purposefully about partnerships and other less intensively collaborative interactions with foundations, policymakers can take better advantage of the relative strengths of each sector. Through such purposeful interactions, public and private sector organizations can also benefit from innovations in philanthropic tools and approaches that are emerging from both foundation and U.S. government practices.

Shared Philanthropic Priorities

Americans dedicate vast funding to charitable causes. Foundations spent roughly $28 billion in 2006 on programs in health, education, development, the environment, human services, and relief. An estimated 75 percent was spending on domestic projects, with the greatest concentration in health and education. The federal government's philanthropy totaled $720 billion in these same six sectors. This federal spending was heavily weighted toward domestic needs, with 97 percent spent in the U.S., and focused heavily on development (government and civil society, and social, physical, and economic infrastructure) and human services. Public and private priorities overlapped in international philanthropy, with both foundations and the federal government directing the bulk of their efforts to health and development, particularly in Sub-Saharan Africa.

Five Types of Interaction, But No Best Model for Partnering

Since they share many priorities, it is no surprise that foundations and the federal government often work in the same program areas and interact or collaborate in various ways. The study identified five main types of USG-foundation interaction. Each is marked by different degrees of alignment among goals, strategies, resources, and implementation:

- Incidental overlap: government and foundation goals overlap and they work on the same problem or target population, but their activities are not otherwise aligned

- Supplementary action: one donor seeks to "fill a gap" in other donors' activities

- Communication: donors share goals and communicate about their strategies, resources, and implementation without necessarily formally aligning them

- Coordination: goals, strategies, and resources are formally aligned to some degree, but implementation is not shared

- Collaboration: full and formal partnership, in which different donors' goals, strategies, resources, and implementation are aligned.

Only the latter three types of interactions represent true partnerships, and each comes with its own opportunities and challenges. In particular, there is a tradeoff between stronger partnerships and higher transaction costs. Hence, there is no "best" partnership model for all situations—and in some program areas or initiatives, partnerships may not be appropriate or possible.

Factors Supporting Partnerships

Narrowly Defined Problems. Donors' understanding of the "problem" at hand informs and delimits possible strategies for addressing it. Case studies suggest that the more intensely collaborative USG-foundation interactions probably are more likely to occur and be readily supported when problems can be narrowly defined and interventions are clear in scope (for example, malaria). Problems broader in scope with less clearly defined remedies (for example, poverty) may present more challenges to partnership and, as such, a less intense donor collaboration may be more feasible.

Value Added. Even for narrowly defined problems, it is important that any collaborative effort add value over and above what donors might achieve separately. Assessing value added can be difficult, however, so it may help if organizations take a systematic approach to making such assessments. Formal cost-benefit analysis may not always be feasible for organizations considering partnership, but more qualitative assessments of the feasibility of partnering can be built into decision-making processes. One foundation included in the cases studied pursues such partnerships as an explicit program strategy, and takes such an approach to examining their feasibility.

Participation by Decision Makers. Finally, the success of any interactive effort requires the participation of those with authority to make decisions and direct resources. Identifying aid priorities and committing resources can be complicated. Foundations' independence may make this an easier process in the private sector than it is for government agencies. Within the federal government, initiatives with centralized authority—such as the AIDS and malaria initiatives described in this report—may be better able to support collaborative efforts, as there is greater clarity about where and how decisions are made.

Key Considerations for the Feasibility of Partnerships

Stakeholders may engage in interactions or partnerships with different organizations at different points in the lifecycle of an initiative—from planning and implementation to evaluation and promoting sustainability. Each stage presents opportunities and challenges for partnerships of various types, and case studies highlighted a host of issues for stakeholders to consider in their efforts to maximize their philanthropic efforts.

- **Planning.** In the planning phase, it is important for stakeholders to consider the opportunities for various types of interaction and weigh these against the costs of partnering, although costs may be difficult to identify and measure.

- **Implementation.** Once a problem has been identified and a strategy to address it has been developed, implementing the strategy through some type of partnership requires attention to concrete issues such as resources and administration, but also to less tangible matters, in particular, the culture and constraints of the various stakeholder organizations.

- **Evaluation.** In evaluating more collaborative efforts, it helps for partners to reach a shared understanding of what constitutes evidence and how best to obtain it.

- **Sustainability.** There appear to be two general approaches to sustainability: through mechanisms built into the initiative and through external mechanisms. These are by no means mutually exclusive and, in the best case scenario, both are probably desirable. Still, the USG and foundation sectors may make different contributions to sustainability, and practitioners will benefit from considering the comparative advantages of different donors in shaping their respective roles as an initiative plays out.

Innovations in Philanthropy

To optimize resource use, it is important for both government and foundations to use the tools that best support effectiveness. A potentially important benefit of interactions and partnerships between the federal government and foundations is the opportunity they create for sharing emerging innovations that may strengthen philanthropic efforts. Through case studies, we identified three main areas of innovation in philanthropy: metrics and measurement; funding mechanisms; and administration and governance.

- **Metrics and measurement.** All funders must decide which problems to address, how to allocate resources, and whether to modify, continue, or wind up specific programs. Innovative, systematic approaches and analytic tools for making such decisions emerged from the case studies. They included strategic planning processes, quantitative metrics combining information on expected benefits and potential risk to compare alternative program investments, and objective indicators to assess readiness and eligibility for assistance. In addition, both USG and foundations have established organizations dedicated to improving measurement and program evaluation.

- **Funding mechanisms.** Delivering adequate funding to efforts most meriting resources is a critical aspect of philanthropy. Innovative funding mechanisms examined in the study include one adapted from the private sector for determining who receives funding, and a leveraging mechanism used to create a substantial and stable flow of funding for immunization programs.

- **Administration and Governance**. Complex health or human services initiatives, especially on a global scale, require substantial communication, coordination, and/or collaboration among multiple entities. Establishment of a single, centralized coordinator with decentralized implementation has strengthened two USG initiatives addressing HIV/AIDS and malaria. A central secretariat located and staffed separately from donor organizations provides a unique governance structure for a multilateral vaccination program.

EXPANDING THE POTENTIAL BENEFIT OF PARTNERSHIPS

Partnerships between federal and foundation stakeholders potentially benefit both sectors. For instance, communication could facilitate situations in which foundations support explorations of high-risk or experimental program approaches and, if they prove feasible, USG then supports scaling them up by providing additional resources or infrastructure to expand into new locations or populations served, or to sustain provider funding. Study findings such as these suggest there may be value from pursuing additional efforts to understand and promote purposeful U.S. government-foundation interactions. Potentially fruitful avenues to maximize the value of philanthropic efforts could include: (1) stimulating awareness of USG-foundation interactions by sharing the information from this report and other sources with key policymakers, planners, and administrators within the federal government, and potentially in the foundation sector; (2) supporting dialogue about interactions and potential partnership opportunities with foundations through a variety of forums; and (3) conducting further research to understand better the approaches that might leverage foundation and other philanthropic resources more effectively, and the effectiveness of partnerships.

I. INTRODUCTION

Americans, through private donations and public resources, lend their support to the promotion of human and social welfare on a large scale. *Giving USA* (2007) estimates that private charitable giving in the U.S. totaled nearly $300 billion in 2006—roughly $1,000 for every American.[1] These gifts—by individuals and households (76 percent of the total), bequests (8 percent), corporations (4 percent), and foundations (12 percent)—supported religious activities, human services such as food and shelter, health services and assistance, education, the arts and culture, the environment, and other causes undertaken both domestically and abroad. In addition to these private donations, Americans provided roughly $700 billion through grant and assistance programs operated by the U.S. government (USG) in fiscal year 2006—a form of public philanthropy.[2] In total, then, Americans spent more than $1 trillion in private and public funds to promote human and social welfare in 2006. Of this amount, at least $26 billion went to aid developing countries.[3] Total private and public philanthropic spending by Americans was thus larger than the gross domestic product of all but the 14 largest nations in the world in 2007 (adjusted for purchasing power parity).

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[1] 2006 is the most recent year for which data were available.

[2] For purposes of this report, we use the term "philanthropy" to refer both to foundation and USG spending on comparable health and social service programs. Where specific USG figures are cited, these exclude large health and social service entitlement programs such as Medicare, Medicaid, and Social Security. For an expanded discussion of what is treated as philanthropy, see Appendix C.

[3] This amount represents international spending in developing countries by U.S.-based foundations and USG; it excludes spending in other international regions, as well as spending by other types of nonprofit or philanthropic entities (for example, public charities or religious organizations).

A. PURPOSE OF THE STUDY

In an environment of increasingly urgent domestic and international challenges and finite private and public resources, there is a compelling policy interest in better understanding interactions between private and public philanthropic efforts and learning how to promote more effective collaboration between the sectors. To improve their knowledge of the intersection between private philanthropic efforts addressing health and social services and similar public initiatives funded by the federal government, the Assistant Secretary for Planning and Evaluation (ASPE) at the U.S. Department of Health and Human Services (DHHS) contracted with Mathematica Policy Research, Inc. (MPR) to study public and private philanthropic activity. The study was designed to explore whether and how public and private philanthropic efforts can complement each other to improve effectiveness of services and programs across the country and around the world.

Rather than studying private philanthropic organizations of all types, such as nonprofit service providers or religious organizations, ASPE and MPR focused the study on foundations and their interactions with the federal government. Unlike individual, household, and business donors, foundations and U.S. government agencies expend their philanthropic dollars through large, carefully planned and budgeted grant or assistance programs. While agendas and decision-making differ between foundations and federal agencies, their spending and programs reflect many overlapping interests and priorities.

The distribution and overlap of public and private funding are of interest not just as descriptive statistics, however, but also as potential opportunities. Philanthropy and its impact could be enhanced through more purposeful interaction between the federal government and foundations. Developing a greater understanding of the ways in which the USG and foundation sectors develop and implement their philanthropic endeavors could allow for a more informed

approach to interaction, and ideally the more efficient use of this nation's vast philanthropic resources. To promote this understanding, ASPE posed questions for the study such as: How often and in what ways do foundation and USG spending and efforts overlap? What options are there for more productive interactions between the two sectors? What can each sector learn from the other? What research or other activities could enhance prospects for productive synergies with foundations and other members of the philanthropic and nonprofit communities?

B. METHODS USED AND DATA COLLECTED

The study relies on three complementary sources of information to explore the interactions between public and private philanthropy in the United States and abroad. First, as background, public-use and secondary data sources were used to estimate total charitable giving and to analyze the distribution of USG and foundation spending on domestic and international health and social services. The analysis examined how aid flows to service sectors, program areas, and geographic regions. Second, MPR conducted a systematic review of the literature on USG and foundation philanthropic approaches. From the literature review, we developed a conceptual framework to explore public-private interactions and developed a focus and method for conducting case studies of selected philanthropic endeavors and organizations.

With the spending information and conceptual framework as background, MPR then examined specific cases of the development and implementation of different models for domestic and international health and social services initiatives, with a special focus on collaboration between the USG and foundation stakeholders. We identified potential cases after conducting a scan of USG and foundation entities, philanthropic initiatives, and tools. Based on selection criteria—including the geographic and programmatic area of focus, magnitude of financial contributions, prevalence of the problem addressed, and leadership or innovation status—ASPE selected ten cases for inclusion in the study, nine of which were completed (stakeholders in one

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case declined to participate). Table I.1 presents an overview of the cases. MPR conducted these case studies by reviewing publicly available documents and records and interviewing selected key leaders or experts associated with each case.

C. BACKGROUND: KEY FINDINGS FROM THE SPENDING ANALYSIS AND LITERATURE REVIEW

1. Foundation and USG Spending

Of the $1 trillion in private and public giving in 2006, U.S.-based foundations and USG together provided almost $750 billion of the total, at home and across the globe. Both groups of institutions focused more on domestic than on international work, though U.S. government spending was far larger than that of foundations.[4] In 2006, foundations spent roughly $28 billion on programs in health, education, development, the environment, human services, and relief, with roughly three-fourths of that amount dedicated to domestic projects and with the greatest concentration in health and education.[5] The federal government's philanthropy totaled $720 billion in 2006 and was even more heavily weighted toward domestic needs: 97 percent of USG philanthropic spending in the six specified sectors occurred within the U.S. This government spending was highest in the areas of development (government and civil society, and social, physical, and economic infrastructure) and human services.

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[4] There is no single, authoritative source for data on philanthropic spending by the different sectors. The main sources for our analyses were: GivingUSA Foundation for broad private sector spending; the Foundation Center for all foundation spending; the Organization for Economic Cooperation and Development for U.S. government spending on foreign aid; and the Federal Assistance Award Data System for federal domestic spending. For more detail on data sources and spending patterns, please see Appendix C.

[5] The proportion of foundation grants awarded domestically and the proportions dedicated to different program areas reflect proportions of the $14 billion in 2006 foundation grants that are included in the Foundation Center database. We estimate that these proportions hold for the entire $28 billion of grants awarded by all U.S. foundations. The discrepancy between the total grants ($28 billion) and the grants included in the database ($14 billion) results from the fact that the database includes only those grants awarded by the 800 largest U.S. foundations and the 15 largest from each state.

TABLE I.1

OVERVIEW OF CASE STUDIES

Case Name	USG	Private	Focal Region	Program Area and Focus	Reason for Inclusion in Study	Number of Individuals Interviewed
Bill & Melinda Gates Foundation – Global Health Program		X	Developing world	Health, including malaria and HIV/AIDS. Focus on problems with large, immediate impacts.	Major foundation actor re: finances, influence, partnerships.	2
Global Alliance for Vaccines and Immunization (GAVI)	X	X	Developing world, mainly Africa and Asia	Childhood infectious diseases. Focus on vaccine development and access to immunization.	Influential public-private partnership.	1*
President's Malaria Initiative (PMI)	X		Africa	Malaria. Focus on prevention and treatment.	Major public initiative (useful comparison to PEPFAR).	2
President's Emergency Plan for AIDS Relief (PEPFAR)	X		Mainly Sub-Saharan Africa	HIV/AIDS. Focus on prevention and treatment.	Major public initiative (useful comparison to PMI).	2
Ashoka Fellows		X	All regions	Social entrepreneurship. Focus on individuals working for systemic change.	Innovative foundation initiative.	1
Millennium Challenge Corporation (MCC)	X		Mainly Africa, East Asia, and Latin America	Development, governance, sustainable economic growth. Focus on high-performing countries.	Innovative public initiative and tools/metrics.	2
Rockefeller Foundation – Accelerating Innovation for Development		X	U.S. and international	Development, innovation. Focus on incentivizing identification of problems and development of solutions.	Innovative foundation initiative and tools/metrics.	1
William and Flora Hewlett Foundation – Expected Return Metric		X	Sub-Saharan Africa, South Asia, and Mexico	Development, evaluation. Focus on funding for social returns.	Innovative foundation tools/metrics.	3
Robert Wood Johnson Foundation		X	U.S.	Health. Focus on advocacy and convening around major public health issues.	Major foundation actor re: finances, influence, partnerships.	1

* Indicates that respondent was from outside of the organization.

In the international sphere, priorities for foundation and USG spending appear to be similar. In 2006, the largest proportion of international spending from both sectors went toward health and development. Geographically, nearly half of international foundation spending was directed to sub-Saharan Africa, while two-thirds of USG spending supported projects in Africa and the Middle East.[6]

2. Philanthropic Approaches

Efforts to maximize philanthropic spending could benefit from more explicit efforts to exploit the relative strengths of the public and private sectors. The literature suggests that foundations are comparatively advantaged by their independence, agility, flexibility, and ability to take risks and innovate. They often engage in cutting-edge work where they can "plant a seed," but they are not often directly involved in large "scaling-up" activities that expand implementation of the intervention beyond initial demonstration programs or sites. Since foundations have more limited resources than the federal government, many of their investments aim to leverage other resources or influence the activity of larger players—potentially governments.

In contrast, the U.S. government has greater resources and potential influence, relatively more stringent accountability structures, and often longer time horizons. The federal government more typically implements proven solution strategies rather than high-risk experiments, and it can play a special role in bringing solutions to a broader target population. Foundations and USG both may play an important convening role—bringing the relevant actors together to address social problems—although some foundations may be advantaged by their perceived neutrality.

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[6] Public and private data sources reference slightly different geographic regions, making direct comparisons somewhat difficult. For more information on data and analytic classifications, see Appendix C.

Despite these differing strengths, the processes by which foundations and federal agencies identify problems to address, develop and implement interventions, and monitor progress are similar, and the literature indicates that both private and public sector actors are keenly interested in cross-sector collaborations. But successful partnerships require that all parties involved understand the interests, capacities, and approaches of the other actors, which may be difficult to achieve (Fosler 2002). Indeed, one study found that private sector partners felt the USG did not understand their interests and looked to them only to "fill gaps," even as USG actors felt they were ill-equipped to deal with private sector partners and that bureaucratic structures hindered the development of partnerships (U.S. Department of State 2008). Opportunities for partnership exist at each stage in the development of philanthropic initiatives, but stakeholders must work to address these and other challenges to ensure success.

A theoretical framework useful for analyzing public-private partnerships categorized foundation interactions with government along a spectrum of collaboration (Sandfort 2008). At one end, termed "supplementary" interaction, one organization or sector may explicitly seek to fill perceived gaps in the work of another organization or sector. Such cases of supplementary interaction require relatively little communication or coordination between the organizations involved. At the other end of the spectrum, full and formal partnerships require a high level of communication and coordination between actors. Through the case studies, MPR further developed this framework to describe five types of overlaps, interactions, and partnerships underway between foundations and the federal government. The case studies identified contextual and organizational factors that influence program approaches and the feasibility of partnerships. Several focused on emerging innovations in philanthropic decision-making, funding, and governance.

D. OVERVIEW OF THE REPORT

Empirical findings from the case studies are the main focus of the report. It has been developed with several potential audiences in mind. First, the report seeks to help policymakers understand the ways in which the federal government and foundations can and do interact and the opportunities that different modes of interaction, including formal partnerships, may provide for more effective use of federal dollars. It also cautions that partnerships may not always be wise, if the transaction costs associated with forming and maintaining them exceeds their potential benefits, or when foundation and government players' incentives and approaches differ even when they seek similar goals in a program area. Second, the study addresses program and grant planners and practitioners within the federal government, identifying important considerations for deciding whether and when to seek partnerships with foundations, and how these interactions might be optimally supported. The study may also be of use to individuals working with the foundation sector, as well as practitioners in other nongovernmental organizations who are working to address international or domestic health and development needs and may be considering possible partnerships with the federal government.

1. Organization of the Report

Subsequent chapters of the report provide information for both of its primary audiences: policymakers and practitioners. Chapter II describes our findings on USG-foundation interactions and types of interactions, using examples from the case studies. It may be of special interest to policymakers as a "primer" on existing interactions and opportunities for partnerships. Chapters III and IV focus on specific components of interactions. These chapters are aimed primarily at planners and practitioners. Using cross-case analysis of the data collected through the nine case studies of public and private philanthropic endeavors, both chapters present key issues relating to potential interactions and partnerships, which USG officials engaged in

philanthropic efforts may wish to consider as they identify problems, develop solutions, and assess progress. These chapters identify factors that influence the appropriate and achievable types of interactions between USG and foundations. In Chapter V, we examine innovations in philanthropy in the public and private sectors, highlighting innovative metrics and measures, funding strategies, and administration and governance structures, and suggesting ways in which the innovations might be adopted or adapted by other philanthropic actors. Finally, Chapter VI suggests next steps that could further inform USG-foundation interaction in addressing health and social service needs at home and abroad. Suggested steps build on this exploratory study to develop more knowledge about how partnerships might be employed to enhance the value of philanthropic spending.

The appendices provide additional data and analysis that support the findings and recommendations in the body of the report. Appendix A contains detailed profiles of the nine cases studied. Appendix B is the full literature review, which provided background and an analytic framework for the case studies. Appendix C presents the analysis of public-use and secondary data on USG and foundation spending patterns.

2. Limitations

This study highlights many factors that may influence the feasibility and effectiveness of public-private collaboration. It is important, however, to acknowledge three limitations. First, while the cases include many prominent initiatives, they are not broadly representative of either USG or foundation activities in international or domestic philanthropy. Cases were chosen purposefully to provide both variation and comparability, particularly with respect to problems addressed and innovative strategies pursued. Second, while the study findings are informed by the review of many documents and the observations of key participants, we could not include all initiatives or interactions that might pertain to the focal organization of each case. Finally,

comments on the possible effectiveness of the endeavors described herein are based mainly on

the perspectives of participants, rather than the results of independent evaluations.

II. PURPOSEFUL PARTNERSHIPS: OPPORTUNITIES FOR DIFFERENT TYPES OF INTERACTION

Overlaps between the U.S. government and foundation program activities are virtually inevitable, given their shared funding priorities. Yet shared priorities do not necessarily imply that the two sectors' approaches or specific program goals will be aligned, or indicate a need or opportunity for full and formal partnerships.

Key Findings from This Chapter

Five types of USG-foundation interactions occur, characterized by different degrees of alignment between donors in targets, goals, strategies, resources, and implementation. Three types—communication, coordination, and collaboration—constitute partnerships.

Incidental Overlap. General targets for philanthropy are aligned, but the overlap is not intentional or planned.

Supplementary Action. Goals are aligned and strategies may or may not be similar.

Communication. Goals and strategies are aligned. Foundation and USG actors take account of one another's activities in a shared arena and communicate with one another about goals, strategies, and progress. This form of partnership appears to be most appropriate when problems are not well defined or are very broad in scope.

Coordination. Goals and strategies are aligned; implementation is aligned but carried out separately; resources are aligned but typically not pooled. Participating entities are able to plan around and respond to each other's activities, but retain their autonomy. Coordination appears fruitful where problems are defined clearly and donors already implement interventions on their own.

Collaboration. Full, formal partnership; goals, strategies, resources, and implementation are aligned, and participants from both sectors participate in joint decision making. May be preferred when a problem is well defined and interventions are fairly well-understood, stakeholders view each other as equals in addressing the problem or program area, and resources are adequate for supporting the partnership.

In evaluating opportunities for partnerships, policymakers and practitioners should consider whether overlap or interactions already exist, whether more formal partnerships could better advance philanthropic goals, what type of partnership might be most productive and achievable, and its costs and benefits. No one model of partnership is best.

The federal and foundation-sponsored health and development initiatives reviewed for this study reveal a broad range of interactions, with opportunities and constraints associated with each. At one end of the spectrum, government and foundations work together in formalized partnerships—characterized to varying extent by similar goals, joint decision-making, coordination or pooling of funding or other resources, and/or sharing of responsibility for implementation. At the other end of the spectrum are less formalized or purposeful interactions, sometimes even characterized by diametrically opposed strategies, that may nonetheless provide opportunities for improving philanthropic effectiveness outside of full, formal partnerships.

Our analyses suggest that the federal government could benefit from considering a variety of contextual factors in deciding whether and how to partner if it hopes to make the most of working with foundations. These factors are discussed at length in Chapters III and IV, but first we describe the five types of USG-foundation interaction that occur and provide an example of each to illustrate the interplay of factors that can shape interactions.

A. THE INTERACTION FRAMEWORK

Our review of the literature, scan of foundation and USG philanthropic initiatives, and case studies suggest that five types of USG-foundation interactions occur:

- ***Incidental Overlap.*** Only general targets for philanthropy, such as needs, populations, or geographic regions, are aligned. Foundations and USG happen to be working on similar needs, targeting similar groups or geographic regions, or using similar approaches, but the overlap is not intentional or planned.

- ***Supplementary Action.*** Goals are aligned. Strategies may be similar, but they are not developed together. One sector fills a perceived gap in the other's activities or approaches. Because they have fewer legal and institutional constraints, foundations typically supplement USG activities, although the reverse may also happen. Supplementary activity by foundations sometimes includes advocacy for changes in public policy.

- ***Communication.*** Goals and strategies are aligned. Foundation and USG actors take account of one another's activities in a shared arena and communicate with one

another about goals, strategies, and progress—through, for example, conferences, publications, affinity or interest groups, or sometimes more formal communication structures. Resources are devoted to communication but are not otherwise aligned.

- *Coordination.* Goals and strategies are aligned; implementation is aligned but carried out separately; resources are aligned but typically not pooled. Foundations and USG deliberately align resources but maintain distinct decision-making structures. These structures allow the participating entities to plan around and respond to each other's activities, while strategies are developed and pursued independently. Thus, each sector retains autonomy.

- *Collaboration.* Full, formal partnership; goals, strategies, resources, and implementation are aligned. Foundations and USG share decision making, often pool contributions of funding and/or other resources, and share responsibility for implementing specific initiatives within a broad area of need, or through specific components of individual initiatives or projects. Joint decision making occurs.

These five types of interaction are characterized by different degrees of alignment between donors in targets, goals, strategies, resources, and implementation (Table II.1). However, these interaction types are dynamic, and they are not mutually exclusive. Over time, one type of interaction can evolve into or engender another. Moreover, since targets, goals, strategies, resources, and implementation are conceptually distinct and the degree of alignment may vary among them, not every interaction fits neatly into a single category.

Overall, these five types suggest two broad levels of interaction. The first two categories—incidental overlap and supplementary action—reflect relatively low engagement. They are not partnerships, although they sometimes—but not always—present potential opportunities for partnerships to be developed. The last three categories—communication, coordination, and collaboration—are true partnerships, in that they include different degrees of alignment and formalization. Examples from the case studies help to illustrate each category of interaction. More important, examples help stakeholders interested in maximizing their philanthropic efforts better recognize the opportunities and constraints that come with different types of interaction.

TABLE II.1

U.S. GOVERNMENT-FOUNDATION INTERACTION FRAMEWORK

Interactions	Alignment of:				
	Targets	Goals	Strategies	Resources	Implementation
Incidental Overlap	X				
Supplementary Action	X	X			
Communication	X	X	X		
Coordination	X	X	X	X	
Collaboration	X	X	X	X	X

B. EXAMPLES OF USG-FOUNDATION INTERACTIONS

1. Incidental Overlap

Incidental overlap occurs when USG and foundations (or other philanthropic entities) have common interests and target similar problems, populations, or geographic areas. Donors do not take particular account of each other's actions and strategies to shape their own agendas, nor do they work together to align goals or strategies. Recognizing when such overlaps occur, however, can be useful, because these provide potential opportunities to explore common goals, build relationships, and, if appropriate, communicate in order to divide tasks and advance shared goals.

An example of incidental overlap that led to communication can be found in the infrastructure development work of the Millennium Challenge Account (MCA) in Armenia. MCA-Armenia—the in-country implementing entity for the Millennium Challenge Corporation (MCC)—and various existing donors operated independently of each other as they sought to achieve similar development goals in the country. The Lincy Foundation, for example, had already undertaken road-building projects in Armenia when MCA selected road reconstruction as one of its top development priorities. MCA-Armenia persuaded the Lincy Foundation to cover areas beyond the MCC-funded projects so that the amount of reconstruction was expanded. The ability of MCA-Armenia to augment its resources in this way certainly made road reconstruction

a more attractive investment for MCC, but the two donor organizations did not share decision making about strategies, resources, or implementation.

2. Supplementary Action

Supplementary models of interaction occur when some goals are shared but strategies differ, so neither resources nor implementation are aligned. They occur when donors or sectors are unable or unwilling to address a particular need using similar strategies—or when they simply choose to take different approaches. This may happen because of some constraint under which a philanthropic organization or sector operates, such as national security responsibilities, differences in core values, aversion to risk, or a lack of technical expertise.

Because of these potential differences, partnerships are not always necessary or practicable even when goals are similar or shared. The use of varied strategies and multiple players may in fact be the best way to address some problems, especially if this allows donors to take advantage of their different strengths or address different aspects of a problem. Target populations may be more fully served when one sector provides a good or service that the other cannot or does not.

An example comes from the Ashoka Fellows program, which provides grants to social entrepreneurs with innovative ideas that have the potential to bring about systemic change at the country, regional, or global levels. Ashoka takes its program approach from the world of business, where one entrepreneur can create value from an idea and encourage others to embrace it. By funding individuals, Ashoka seeks to activate and enhance human resources that more traditional public aid or private philanthropy might overlook. Ashoka has been able to partner with various foundations to strengthen its network of Fellows but has thus far sidestepped collaboration with government agencies because they see reforming government as one important goal for many of the Fellows. Although the program avoids direct collaboration with

governments, the Ashoka Fellows have many interactions with government programs and agencies, both domestically and internationally.

In such instances of supplementary action, however, USG may be able to learn from, and possibly emulate, some foundation approaches (and vice versa). In this example, if the federal government believes the Ashoka model to be effective, USG may consider providing support for social entrepreneurs in some situations or as one element of an overall initiative or grant program.

In addition, where supplementary efforts occur, there may be opportunities for communicating and sharing information. Even if the federal government could not adapt Ashoka's approach of funding individuals, shared communications between individual Ashoka Fellows and USG might be productive in some situations. For example, between 1990 and 2006, Ashoka supported 18 Fellows in combating the spread of HIV/AIDS in Africa—also a goal of the President's Emergency Plan for AIDS Relief (PEPFAR; Office of the United States Global AIDS Coordinator 2004). Opportunities to piggyback on each other's efforts may be worth exploring.

3. Communication

Foundations and USG sometimes communicate explicitly and take account of each other's strategies in their decisions, while still making their decisions independently. This is a form of partnership that appears to be most appropriate when problems are not well defined or are very broad in scope. Though both partners may devote resources to communication, program activities do not involve joint funding or shared implementation, which, in some sectors and situations, could overburden philanthropic efforts or be unachievable due to disparities in the underlying values and/or specific goals of philanthropic actors.

This level of partnership can help to identify and fill gaps, such as in funding or territory, which might otherwise persist in the overall activity of the philanthropic entities. Exchanges of information can enhance relationships between stakeholders, and stimulate new ideas to solve problems, while keeping partnership costs, such as the need for contractual agreements or on-going strategic planning, low. This type of partnership does not require formal agreements. Structures such as task forces or affinity groups may be established, but participants are typically able to engage only to the extent that they perceive participation benefits them.

The value of communication as a form of interaction is illustrated by the Nurse Funders Collaborative, convened in 2003 by the Robert Wood Johnson Foundation (RWJF) to bring together public and private funders interested in addressing the U.S. domestic nursing shortage. The Collaborative consists of more than 100 organizational members, including foundations, corporations, and 10 agencies within DHHS, including the Administration for Children and Families and the National Institutes of Health. The Collaborative's quarterly meetings facilitate information-sharing about members' nursing initiatives. Although members do not pool resources, information gathered by the Collaborative helps members to identify areas of overlapping funding, as well as areas that receive little attention where more action may be needed.

Such broad membership arrangements are commonly made by foundations but less commonly by the federal government. Foundation-led collaboratives of this sort sometimes include researchers or other experts, advocates, service providers, and others who work in a common problem area. While USG operates similar internal groups, such as federal interagency work groups, these less often extend to private philanthropies or other stakeholders.

4. Coordination

Stronger partnerships include shared goals and coordinated decision making and, hence, some level of alignment in strategies and resources. Coordination appears fruitful where problems are defined clearly and donors have already developed interventions that they implement on their own. This type of partnership can help to avoid redundancies and enable donors to build consciously on the efforts of others. Strategies can be revised or funds reallocated by partners in response to one another's efforts, yet decisions are still autonomous.

The President's Malaria Initiative (PMI; Loewenburg 2007), led by USAID and implemented with the U.S. Centers for Disease Control and Prevention, illustrates coordination in philanthropic efforts. PMI includes partnerships both within and external to USG. Partners not only communicate with each other but also adjust their strategies, use of resources, and implementation efforts based on what other partners are doing. The importance of coordination within PMI is indicated by the title given to the Initiative's head: U.S. Malaria Coordinator. This position oversees both PMI and USAID's non-PMI malaria programs.

PMI coordinates the anti-malaria efforts of various federal agencies and its own anti-malaria program. Within USG, the U.S. Malaria Coordinator has decision-making authority over all federal anti-malaria efforts and resources. Outside of PMI, the Coordinator provides USG's lead representation at all international malaria prevention and treatment meetings, including those sponsored by non- and quasi-governmental groups, such as Roll Back Malaria, the World Bank, the World Health Organization, and UNICEF. PMI leadership thus participates in shared decision making with these and other entities, such as the Global Fund to fight AIDS, Tuberculosis, and Malaria, and the Bill & Melinda Gates Foundation. Through these efforts, partners design and adjust their strategies and interventions to maximize the effectiveness of their efforts. For example, the Global Fund procured more than 8.7 million anti-malaria

treatments in Uganda, while PMI resources were used to support the distribution of these treatments to local health facilities and community drug distributors. In Zambia, PMI partnered with PEPFAR and the Global Business Coalition to distribute more than 500,000 nets to persons living with HIV. PMI focuses on four well-developed interventions, centering on malaria prevention and treatment via insecticides or netting and existing medicines, respectively. These efforts are coordinated but have minimal overlap, with the Gates Foundation, the major foundation stakeholder working on malaria, focusing heavily on vaccine development and distribution.

5. **Collaboration**

The fullest and most formal approach to partnership is illustrated by the Global Alliance for Vaccines and Immunization (GAVI), a public-private partnership created in 2000 and currently being restructured as a foundation based in Switzerland. GAVI brings together stakeholders committed to improving access to immunization in poor countries, and centralizes the processes of setting goals, developing strategies, guiding implementation, and allocating partners' donated resources in its independent administrative structure. The founding members of the Alliance include the World Health Organization, UNICEF, the Gates Foundation, and the World Bank Group. The partnership includes many other players: developed and developing country governments, research and technical institutes, the vaccine industry in both the developed and developing world, and civil society organizations. GAVI follows a full partnership model. Donors pool resources, and the Alliance itself governs the project and allocates funds. The U.S. is one of the original six donor countries and currently is represented by the Assistant Administrator for the Bureau of Global Health at USAID, who presently holds a seat on the GAVI board.

Such full and formal partnerships appear to be an option when a problem is well defined and interventions are fairly well-understood, stakeholders view each other as equals in addressing the problem or program area, and resources are adequate for supporting the partnership function. Collaboration can create an effort that is "greater than the sum of its parts." However, it requires a high level of commitment from participants and that participants cede a substantial degree of control over the resources they commit. While such partnerships can be very effective in leveraging resources, they require large up-front investments to function properly. In some cases, the potential benefits may be outweighed by the substantial transaction costs incurred in the process of identifying partners, seeking common ground, establishing formalized structures and agreements, and maintaining governance. It appears to be difficult to quantify such costs, but their significance was emphasized in both the literature (Sandfort 2008; U.N. Foundation n.d.) and interviews conducted as part of the case studies.

C. NO "BEST" PARTNERSHIP MODEL

The level and type of existing or possible interactions between foundations and the federal government reflect a complex web of factors. The nature of the specific problems they address may affect interactions between the two sectors. In some cases, the factors involve the availability and willingness of key actors to engage with each other and bring resources to the table. The culture and constraints within which each sector operates—including governance and organizational structures, rules, regulations, reporting requirements, time horizons, and stance toward risk—can constrain or facilitate different levels of interaction. Substantial transaction costs may limit the viability of formal collaborations; larger gains may be available through seeking opportunities for complementary action or coordination.

This suggests that there is no one "best" model of interaction or partnership to be sought or fostered in every situation. Instead, policymakers, federal planners, and administrators should

first make themselves aware of any USG-foundation interactions that exist, for example, around shared targets or similar goals. They can then consider whether more formal partnerships could better advance philanthropic goals, and what type of partnership might be most productive and achievable.

III. CHOOSING PARTNERSHIPS: FACTORS TO CONSIDER

Whether and how USG-foundation interactions unfold depends on the answers to questions about the nature of the problem being addressed, communication between stakeholders and their commitment of resources, and the ways decisions are made. This chapter highlights some questions that federal officials engaged in health and social services may wish to examine as they consider philanthropic initiatives and whether to partner with foundations in their efforts.

Key Findings from This Chapter

Three central questions address the wisdom and feasibility of establishing partnerships between federal and foundation philanthropic stakeholders:

1. What is the scope of the problem and what piece can stakeholder partners address?

Our analyses suggest that more narrowly defined problems may hold greater potential for partnerships between USG and foundations. Clear or narrowly defined problems, such as reducing illness and death from malaria, allow potential stakeholders to assess whether strategies to address it are compatible with their organizational capabilities. When a problem is less clearly understood or broader in scope, such as poverty or democratization, greater ambiguity or complexity may hamper partnerships.

2. What are the costs of the partnership and what value is added by partnering?

Partnership costs stem from the need to identify partners, navigate organizational or cultural constraints and differences; maintain communication; execute, implement, and monitor agreements; and provide governance. Benefits can also be substantial, such as organizational learning, minimizing duplication, and leveraging additional funding. Organizations that use partnerships have sometimes developed approaches to identify and assess costs and benefits in order to choose whether, at what point, and how to partner.

3. Who needs to be at the table and how can they be encouraged to participate?

Convening stakeholders can be both a useful planning exercise and a potential partnership strategy. Including those with the authority to make decisions about participation and resources appears critical to an initiative's success. Although foundations are not the only possible conveners, they may have advantages in this role over government or for-profit entities.

Certain leadership structures used by USG, such as the U.S. Malaria Coordinator, may also facilitate partnerships by offering a single, well-defined, and clearly understood point of contact for foundations or other private entities, as well as aligning federal agencies and efforts.

Questions surrounding the desirability and feasibility of partnerships may not be answered definitively in the early stages of a philanthropic initiative. Nevertheless such questions merit thought from the beginning and reconsideration throughout the lifecycle of an initiative.

A. SCOPE OF THE PROBLEM

Philanthropic action may spring from specific and focused concerns, or from an understanding of a broad and global nexus of challenges. Some problems can be straightforward or narrowly defined, such as the suffering caused by malaria. Others inevitably entail greater complexity, such as the suffering caused by poverty. Either way, the nature of the problem has implications for the feasibility of different philanthropic approaches, including partnering efforts.

Clear definition of a problem allows potential stakeholders to assess whether suitable strategies to address it are compatible with their organizational missions and within their programmatic capabilities. A clear view of the problem also allows already committed stakeholders to assess whether *other* organizations might be interested in addressing the same problem. In such instances, productive interaction among USG and foundations may be feasible, and partnership might be an option, even if the particular roles of each partner will need to be elaborated.

When a problem is less clearly understood or broader in scope, there likely will be greater ambiguity or more complex choices regarding appropriate interventions. Moreover, as problems become more complex and multifaceted, it may be less obvious whether potential partners would be willing to buy into an integrated intervention strategy or will commit to supporting its intensive pursuit. In such instances, interactions between USG and foundations may take a less intensively collaborative form, focusing on coordination or communication about a problem. However, early interaction on that basis sometimes can allow stakeholders to work toward

narrowing the definition of the problem or, alternatively, to carve out their own pieces of the problem to address.

USG-foundation work to address malaria offers an example of how a narrowly defined problem can become a focus for collaboration. While malaria affects many lives, its causes and effects are relatively straightforward and well-understood, as are the potential solutions. The Bill & Melinda Gates Foundation, an early leader in addressing the malaria problem, hired well-credentialed senior advisors and program officers to craft a strategic plan for its malaria program and manage its implementation. The Foundation created formal partnerships through grant awards and informal partnerships through education and advocacy efforts.

Some have suggested that USG's centralization of malaria efforts in the President's Malaria Initiative (PMI) was influenced by the Gates Foundation's work (*Seattle Times*, January 24, 2007). PMI was established to assist national malaria control programs in up to 15 target countries, focusing on four well-defined interventions: (1) spraying with insecticides; (2) insecticide-treated mosquito nets; (3) lifesaving drugs; and (4) treatment for pregnant women. All of these interventions use readily available approaches to reduce the number of malaria infections, supplementing the vaccine development and distribution work led by Gates. PMI, in turn, communicates and collaborates with federal agencies, international agencies, and private sector philanthropists, including foundations.

Alternatively, MCC offers a good example of an agency that addresses problems with broad scope. Although it targets a short list of nations and focuses on economic growth interventions, MCC has defined the nature of the problem it is addressing and its goals in the expansive terms set out by the U.S. Department of State. In its Foreign Assistance Framework, the State Department sets as the primary goal of all USG foreign aid, "To help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread

poverty, and conduct themselves responsibly in the international system" (U.S. Department of State 2007).

MCC's adoption of the broad USG mission may constrain the range and intensity of its partnerships with foundations. MCC's organizational structure includes a unit dedicated to multilateral and donor relations, which seeks to engage NGOs, foundations, and other private sector entities. In practice, however, MCC has engaged in relatively few partnerships with foundations. This may, at least in part, stem from the expansive nature of the problem MCC seeks to address. MCC's most noteworthy interactions with foundations have, to date, taken the form of fairly general memoranda of understanding (MOU) rather than concrete and intense partnerships. Another factor that limits partnerships is that MCC's intervention strategy requires recipients of aid to devise their own interventions. Thus much of the onus for partnership rests on in-country actors (the MCAs), who may have little access to U.S. foundations.

The result may be that collaboration between MCC initiatives and foundations is more likely to arise by serendipity than by plan. The example of MCA-Armenia's collaboration with the Lincy Foundation—to augment road-building efforts called for in that country's MCC compact—came about perhaps more through circumstance than through active efforts to promote collaboration. Lincy was already working on highway reconstruction in the country when MCA-Armenia selected this activity as one of its development priorities.[1]

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[1] Expansive goals are not unique to MCC or other federal agencies. Many foundations incorporate some of these same goals in their own mission statements. As one example, the Open Society Institute seeks to support democratic governance, and the Ford Foundation supports efforts to reduce poverty. Like federal agencies, these groups may also approach their broad problem area in ways that would not necessarily call for, or be amenable to, coordinated efforts.

B. WEIGHING THE COSTS AND BENEFITS OF PARTNERSHIP

A clear caution emerged from case study discussions: intensive partnerships present challenges, and their value should be weighed carefully before partners commit. The United Nations Foundation echoed this caution in its undated report on public-private partnerships. The report emphasized the difficulties associated with such collaboration and concluded that any such effort "should deliver better results than what any partner could achieve alone" (U.N. Foundation n.d.). Case studies indicated that identifying partners could be difficult and time consuming. Moreover, after partners are identified, different and sometimes conflicting organizational cultures and constraints must be worked through. Also, the more intensely collaborative or formal the partnership, the more resources are likely to be required to support the interaction itself—including regular communications and structures for shared operations, administration, and governance. The relative paucity of full partnerships in the cases studied here may reflect this difficult reality. Examples from the case studies shed light on the issue, highlighting instances where collaboration has or has not added value, and suggesting some ways to determine if value is added.

Formation of partnerships should be preceded not only by attention to the question of costs, but also by the specific identification of how value will be added. In formulating the Global Alliance for Vaccines and Immunization (GAVI), the founding partners (World Health Organization, World Bank, UNICEF, and the Gates Foundation) identified two primary areas where value might be added. First, they believed that a pooled financing mechanism—which eventually took shape as the International Finance Facility for Immunization (more commonly known by its acronym, IFFIm)—would enable GAVI to leverage more funding to support access to immunization than would be possible otherwise. Second, they recognized that the administrative burden on recipient countries could be reduced if GAVI centralized bureaucratic

procedures. Rather than dealing with multiple funders' reporting requirements, recipients of this funding would deal with GAVI alone. This approach helped to address a major concern of U.S. foreign aid recipients voiced by the HELP Commission (2007).

Organizations may also benefit from systematic procedures for assessing the value added by partnering activities. In-country MCAs working with the MCC might be interested in partnering with other funders, but they would be required to demonstrate explicitly the value of any collaborative effort in the cost-benefit analysis that is part of MCC compact development. Formal cost-benefit analysis may not be appropriate in all cases of potential collaboration, but such tools can formalize and systematize the assessment of value added through collaboration— as can the more flexible and subjective measures, such as the "expected return" (ER) metric developed by the William and Flora Hewlett Foundation, which considers other funders' contributions.

Part of weighing and identifying the value of collaboration is focusing on how to minimize its cost or burden. Avoiding reporting requirements from each of multiple donors in GAVI is a good example of lessening the burden associated with partnerships. MCC's reliance on MOUs as its primary collaborative vehicle with other donor organizations, rather than more intensive collaborations, may reflect its emphasis on containing administrative costs. In some cases, important costs may be intangible. The Ashoka Fellows program offers an example in which partnerships with USG or other governments may be avoided, at least in part because the costs have been deemed to outweigh benefits. Ashoka does not accept any funding from USG or other governments and seems hesitant to interact with any government. This is understandable, given that Ashoka Fellows often seek to change the way their own countries' governments act or are structured. Similarly, in some cases, social entrepreneurs' independence or integrity might be perceived as compromised should they be affiliated in some way with the U.S. government.

The Robert Wood Johnson Foundation (RWJF) is experienced in partnering with the federal government and other foundations. It has developed a process for the careful consideration of partnership opportunities. RWJF's interactions with others often originate during the initial strategic process when RWJF considers different approaches to achieving its program goals. Consistent with the due diligence characteristic of large foundations, this process includes a survey of existing programs and players in the area. According to a respondent from the foundation, since USG is "involved in virtually everything we are interested in," on most RWJF projects, program staff identify USG activities in the area. Staff members then evaluate what type of interaction offers the most potential for achieving the particular program goals. At the most basic level, there must be common ground on the approach, priorities, and goals. The utility of interaction will vary by program area and even by project; an RWJF effort to improve an existing USG program would involve a different type of interaction than trying to create broad strategies to reduce childhood obesity, for example. The type of interaction RWJF ultimately pursues depends on a staff evaluation, at a tactical level, of the costs and benefits of interaction.

From its experience the foundation believes that the benefits to interaction can be substantial. They include useful learning, minimized duplication, and even leveraging additional funding. While deeper interaction can amplify these benefits, RWJF often decides that less formal or no interaction is the most efficient path. Previous RWJF interactions have revealed that initial enthusiasm over the obvious benefits of interaction can obscure the high costs of deeper relationships. Building full partnerships requires careful development and understanding of rules and roles, either through memoranda or contracts, which the foundation has found to be challenging.

C. PARTICIPATION BY KEY DECISION MAKERS

Input from stakeholder organizations can strengthen philanthropic initiatives that address health and social service needs, regardless of whether or not the effort will involve partnerships with them. Hearing from stakeholders in recipient countries, NGOs, research organizations, and other donor organizations should increase the likelihood that the initiative avoids redundancies, encourages local ownership, and has a better chance for sustainability. The same is true in the domestic sphere. Of particular importance to interactive efforts is the participation of those with the authority to make decisions and direct resources.

Although foundations are not the only possible conveners of such interactions, they have advantages in this role. The largest foundations, such as Gates (in its international and domestic work) and RWJF (in the domestic realm), bring stature and resources that create incentives for others to participate. Moreover, private foundations may be viewed as neutral actors, in comparison to federal agencies, which may engender partisan distrust, or for-profit companies, whose motives may be doubted by potential collaborators.

Both the Gates Foundation and RWJF offer examples of this convening role. The former appears to have been particularly effective at bringing key stakeholders into their international initiatives. The fact that Gates' program officers are technical experts in their fields appears to help them identify and enlist others doing important or innovative work on a problem. The Gates approach typically has involved convening meetings of those already working on some aspect of a problem as part of the Foundation's initial formulation of its involvement in the field. Through large conferences and more intimate "listening sessions," Gates has enlisted researchers, policymakers and other public officials, NGOs, practitioners, and other philanthropists to help understand problems and develop strategies for addressing them. The culmination of these processes has sometimes been the establishment of new collaborative entities—for example, the

Program for Appropriate Technology in Health (PATH), and GAVI. Similarly, RWJF has cast a wide net in convening meetings of stakeholders from various areas of the public and private sectors to strategize around problems, as the Nurse Funders Collaborative illustrates.

Convening stakeholders, however, does not necessarily ensure their participation, whatever the level of interaction intensity. The evolution of the GAVI governance structure illustrates some of the tensions that can affect stakeholders' participation. Over time, the interplay between GAVI members has yielded a structure in which founding members have permanent supervisory board seats, while developed and developing nations fill rotating seats; in fact, some problems have arisen with respect to representation in these rotating seats. Among developing nations, resource scarcity has made it difficult for all of the needed individuals to participate at an appropriate level. Meanwhile, those developed nations not holding a seat at a particular time may then have less incentive to continue participating. Also, although many agree that incentives are necessary to encourage private sector participation—primarily by drug companies developing vaccines—critics worry that profit may overwhelm other motives, with the potential to taint the alliance.

In addition to convening a multilateral forum and promoting participation, the other side of the participation equation involves ensuring simple access to productive interaction. One example of attention to that concern is the legislation establishing PMI, which designates the U.S. Malaria Coordinator as USG's lead representative at all international malaria prevention and treatment meetings, including those sponsored by Roll Back Malaria, the World Bank, the World Health Organization, and UNICEF. Rather than seeking to bring stakeholders to the table, the Malaria Coordinator responds to requests from foundations and other organizations to participate in interactive efforts, offering a single, well-defined, and clearly understood point of contact for foundations or other private entities seeking to interact with USG around malaria. At

the same time, the Coordinator's role in aligning the various federal agency anti-malaria efforts helps to ensure that these agency perspectives will be represented at such meetings.

IV. SUSTAINING PARTNERSHIPS

Partnerships need not be built into philanthropic initiatives from the outset of the planning stage, nor do they necessarily last through the end of an initiative. Rather, they may arise later, during implementation, evaluation of results, or in the process of promoting sustainability. These stages may or may not be entirely distinct, and stakeholders may or may not recognize them as concrete steps in the initiative. Still, each stage presents opportunities as well as challenges for building or sustaining interaction or collaboration between funders.

Key Findings from This Chapter

After planning an initiative, further opportunities for interaction or partnership may arise in the implementation, evaluation, and sustainability stages. Case studies suggested that federal agencies and foundations should reflect on the following issues as they roll out initiatives and consider partnerships:

Implementation Phase: Shared funding can help to streamline processes but may not be feasible. To support the pooling of funds, and shared implementation more generally, funders need to recognize the constraints under which other stakeholders operate—in particular reporting and accountability requirements, which can differ greatly across organizations and sectors. Support for the interaction or partnership is a necessary and sometimes underappreciated requirement. Even when partnerships begin with minimal administrative or governance needs, they tend to become more complex over time and require dedicated resources.

Evaluation Phase: Attention to the conceptualization of change at different levels can support mutual understanding among USG and foundation actors. Government tends to work in the arena of measurable, individual-level change, whereas foundations often seek more abstract systemic change. For successful partnership efforts that involve evaluation, it is necessary for stakeholders to agree on what constitutes acceptable evidence and how best to obtain it. Foundations and USG often have very different expectations in this realm.

Planning for Sustainability: In general, sustainability may be built into an initiative or it may rely on external actors. Either way, foundations and the federal government often play different roles in sustaining initiatives—with foundations tending to "plant seeds" and government tending toward long-term cultivation.

A. IMPLEMENTATION: PUTTING PLANS INTO ACTION

Once a problem has been identified and a strategy to address it has been developed, implementing the strategy requires attention to concrete issues such as resources, but also to less tangible matters, such as the culture of the various stakeholder organizations. In cases where implementation will involve more intense types of interaction between the federal government and foundations, funders should consider the ways in which the collaboration itself can be supported. Depending on the situation, pooling resources may be more or less desirable. In some cases, a separate administrative or governance structure may need to be created. In all cases, it is important for public and private actors to recognize the constraints under which the various stakeholders must act.

1. Sharing Resources

There are many opportunities for synergistic use of USG and foundation resources, but recognizing and capitalizing on such opportunities requires consideration of the "strings" that might be attached to funders' contributions. These strings may consist of funders' expectations and requirements about disbursement, reporting, and the uses of funds they find most desirable— or unacceptable. USG brings to philanthropic work vast resources and personnel with high levels of expertise, but federal resources typically come with more requirements than those of private sector funding and usually are dependent on annual appropriations that are, to a great extent, outside of the agencies' control. In contrast, foundation funds may be characterized by greater flexibility and/or fewer requirements, but contributions may be smaller or available for a more limited period of time.

Resources from stakeholder partners may be pooled and then allocated by a central authority or allocated directly by the partners. Within the federal government, both PMI and PEPFAR were designed so that the funding authority would be centralized in the Coordinators' offices, a

structure that seems to promote coherence among the different federal agencies and helps to avoid redundancy or contradictions among aid efforts around malaria and HIV/AIDS. Such centralization in USG efforts may be useful to foundations, since it provides a central funding mechanism for partnering with USG in addressing malaria or HIV/AIDS. Other collaborations, however, have eschewed pooled funding. RWJF has engaged in multiple collaborative efforts with USG—the Nurse Funders Collaborative, Cash & Counseling, and the National Health Plan Collaborative, among others—but does not appear to pool resources with partners. Instead, these projects include clearly delineated pieces funded separately by the various partners in the collaboration.

In some instances, there may be benefits to "partial pooling"—central allocation of federal funds, while private funding is allocated by the private partners. For example, government officials would not have the freedom to approve federal funds for programs not in line with the administration's priorities. In some cases, however, private funding may be aligned via communication with these offices to supplement USG funding, for activities other than those that federal program funds can support.

Whether resources should be pooled appears to hinge on the limitations donors place on their contributions, and on donors' roles in the initiative and their attitudes toward one another. Pooling of resources may be more acceptable to donors when one organization takes a clear leadership role in implementation and has administrative structures in place to handle the funds, or when a separate governing structure has been created for the collaborative effort. The Gates Foundation has created several such entities within which funds have been pooled (such as PATH and GAVI). Such a structure may help to build trust among donors, provided an initiative's governance is transparent and the various donors have a voice in the leadership that they perceive to be commensurate with their contributions to the collaboration.

2.   Supporting the Interaction or Partnership

Given the challenges associated with partnerships, it is clear that resources must be devoted to maintaining the interactive effort. Interaction "on the cheap"—for example, without staff or infrastructure—can lead to difficulties in coordinating between organizations, loss of momentum, and the potential for turf wars (Amadou et al. 2007; U.N. Foundation n.d.)

Several examples of interaction at different levels of intensity illustrate the pressures to create structures and provide resources to support the interaction. Even though it was conceived to include a governing structure distinct from its founding organizations, the GAVI partnership began small, with only six staff members assigned to its secretariat, which was hosted by one of the partners. In response to annual governance studies (also part of the original conception of the partnership), which pointed to the need for greater administrative resources, the GAVI secretariat has expanded to about 80 staff members, and the organization is now establishing itself as a separate foundation. In its various collaborative efforts, the Gates Foundation has often dedicated funds for bringing partners together to enhance communication, collaboration, and the administration of the partnerships themselves. Examples of this include GAVI; Roll Back Malaria; and the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Similarly, RWJF has funded national program offices (NPOs) to oversee efforts around their various national programs, such as those involved with nursing, health coverage, and childhood obesity.

The approach to supporting interaction can be designed to promote specific programmatic values. For example, RWJF selects outside organizations with expertise in each program area to house and operate its NPOs, coordinating the efforts of grantees and other partners. The offices remain distinct from the foundation, as well as from other funders and stakeholders in the national program. RWJF views the NPOs as important not only from an administrative stance, but also because they may catalyze new connections to better address problems. Another

example can be found in the AIDS and Malaria Coordinators' offices, which, given their substantial funding authority and political capital, are seen as having the ability to compel coordination among disparate programs across federal bureaucracies.

3. Recognizing Constraints

USG and foundations operate under very different constraints. In implementing health and social service agendas or initiatives, it is important that players from each sector understand the culture and constraints of the other. This is especially true of more intensively collaborative efforts, but such understanding supports all types of interaction around an issue.

The primary constraints that emerged in the USG case studies lie in the rules and regulations of public agencies, public funding mechanisms, and bureaucratic organizational structures. As respondents noted, the problems that federal agencies can address, the means they can use, and the resources available to them are circumscribed by legislation and federal policy priorities, as well as a host of rules and regulations, none of which is easily altered or bent. For example, a respondent from MCC asserted that USAID's approach to many problems is limited by earmarks on funding—the legislation authorizing aid often ties it to a specific geographic region and/or programmatic area. Also, USG reporting requirements, typically meant to promote accountability, sometimes can pose challenges to collaboration. For example, the need to link spending to demonstrated results—as is the case, to varying degrees, for MCC, PEPFAR, and PMI—can, according to one respondent, serve as a deterrent to collaboration, since impacts could not necessarily be linked to one or the other donor's efforts. Related to this, but not limited to the public sector, is the burden placed on aid recipients if they must comply with the many and varied reporting requirements of different funders (including various federal agencies, as well as foundations and others).

In several cases, USG funding mechanisms were cited as a source of difficulty for philanthropic efforts and as challenges to interaction with foundations. While the federal government has the resources to make long-term commitments to different initiatives, yearly appropriations processes introduce uncertainty. Moreover, one respondent lamented that USG funding decisions often are made at the last minute, making planning difficult. MCC's multiyear compacts, relying on untied funds, were cited as a positive development.

The nature of some federal agencies' organizational structures was cited by foundations and agencies alike as a constraint. Decision making and reaction to events on the ground were said to be slow because of bureaucracy. Moreover, the complexity of federal structures—coupled with the many variations in structure across agencies—can make it difficult for parties seeking to interact with an agency to know where the authority lies to make decisions and direct resources.

Foundations also operate under constraints that affect their ability to engage in some forms of interaction. The major constraints are their relatively short time horizons, and organizational cultures that view evaluation and accountability in terms quite distinct from those widely accepted in USG. The short time horizons probably are related to foundations' focus on cutting edge, innovative programming, which case study respondents suggested may yield a self-image as "planting seeds," rather than focusing on long-term cultivation of an initiative. This aspect of foundation culture may actually provide an opportunity for supplementary action or communication with USG, which typically lacks the degree of flexibility to innovate and tolerance for risk more typical of foundations. Communication could facilitate situations in which foundations support high-risk or experimental approaches, and if they prove feasible, USG then supports scaling them up.

Whereas USG has put great effort in recent years into developing accountability structures—albeit with results that may, as yet, remain unclear—foundations have less

motivation for such procedures. Some even have argued that foundation culture is hostile to measuring outcomes, not to mention impacts. As Michael Porter and Mark Kramer point out in their seminal article, "Philanthropy's New Agenda," foundations' own internal processes provide the wrong incentives for adequate measurement: "Failure risks censure," they note, "but success adds no reward" (1999, p. 129). Cases like Ashoka and Hewlett illustrate a less rigorous approach to evaluation and a more qualitative understanding of impacts than at USG agencies, as highlighted below.

B. EVALUATION: TRACKING PROGRESS TOWARD GOALS

Public and foundation sectors' views about measurement and evidence diverge. If funders of health and social service initiatives are to form deeper levels of interaction, they must jointly confront the feasibility and value of evaluation. They will have to consider questions about plausible effects and how these can be measured, the kinds of evidence they will accept, and the types of evaluation they are willing to support.

1. Conceptualizing Change at Different Levels

In their book, *Money Well Spent: A Strategic Plan for Smart Philanthropy* (2008), foundation leaders Paul Brest and Hal Harvey use a graphic model of a small cube within a big cube to illustrate the nature of different problems, the potential for philanthropic impact, and the potential roles for foundations and USG philanthropy. "Small cube" philanthropy seeks to address "near-term, non-life-threatening needs of a relatively small number of people" (p. 24). Such philanthropy lends itself to straightforward evaluation since the processes of change are direct and readily graspable; causal links between philanthropy and results tend to be clear; and results tend to be visible, tangible, and discernable in the near term. Such problems may be more appealing targets for USG, rather than foundations, given the federal government's

accountability standards. Moreover, such efforts also involve relatively low risks, which may also appeal to government (cf. Fink and Ebbe 2005; Sandfort 2008). Still, according to Brest and Harvey, such "small cube" philanthropy has less potential for big impacts and perhaps less leverage for bringing other organizations on board.

In contrast, "big cube" philanthropy can address issues that improve hundreds of millions of lives. However it requires that funders deal with ambiguity and complexity, both in terms of intervention design and impact measurement—something the authors claim foundations typically have done more effectively than USG. The Gates Foundations' work—in particular, its Grand Challenges in Global Health program—provides examples of big cube philanthropy.

Brest and Harvey suggest that collaboration and interaction between foundations and USG may be much more important with big cube philanthropy. In particular, they suggest that such systems-oriented philanthropy "may play a special role in goading businesses and governments into tackling a certain problem," (p. 26) which appears to have been the case with malaria. The authors observe, however, that "global, long-term problems, even though potentially catastrophic, do not align with the rhythms or boundaries of our political systems or the incentives of managers" (p. 26). In sum, Brest and Harvey's argument suggests—and case studies appear to support—that USG may be more naturally inclined and structured to deal with immediate problems where results are measurable, whereas foundations may be better equipped for those initiatives dealing with ambiguous problems and the potential for hard-to-measure, systemic effects.

2. Agreeing On and Obtaining Evidence

There are differences of opinion between USG and foundations, as well as among foundations, as to what constitutes useful evidence. Our study found cases in which funders sought and accepted relatively "soft" evidence of their programs' impacts. Ashoka, for example,

requires Fellows to submit reports that track their progress against benchmarks. Yet self-reports, benchmarks that vary across respondents, and biased response rates result in evidence that might not be acceptable to organizations with different evaluation standards. For example, it would be difficult to reconcile Ashoka's approach with that of MCC or the many federal programs that encourage or even require independent, often experimental evaluation before programs can be reauthorized. The point is not that one approach to evaluating effectiveness or success is superior to another in all instances, but rather that, in interacting, stakeholders need to be aware of their potentially conflicting approaches.

Nor is the Ashoka example meant to portray the foundation sector as taking a "soft" approach to evidence in general. Indeed, the Gates Foundation has invested hundreds of millions of dollars in the development and dissemination of indicators to gauge the impact of its own and other philanthropists' programs. Gates also is investing in rigorous evaluation methods. Moreover, several case study foundations show the development of particularly innovative ways to measure progress at different levels. Hewlett and RWJF both consider outcomes and/or impacts at the program, foundation, and societal levels. Similarly, the Rockefeller Foundation has developed (though not yet implemented) a monitoring and evaluation program to track changes at the user, provider, and funder levels.

3. Selecting Evaluation Approaches

If the efficiency and effectiveness of philanthropic efforts are at all a concern, it is in the interests of stakeholders to evaluate programs as rigorously as possible. If rigorous evaluation shows initiatives supported by philanthropy have achieved their goals, decisions on further investments can be made with greater confidence. Such evaluations, however, are not always feasible or appropriate. They are costly, and the context of many initiatives may not be suitable for experiments. In the developing world, there may exist little capacity to conduct such

evaluations, and willingness among the various stakeholders may be lacking because of cost or objections to making people subjects in an experiment and denying services or other benefits to a control group.

With respect to collaborative efforts, it is important that donors have similar expectations for the evaluation of their programs—or at least that they can come to agreement about the evaluation approach. Given the costs associated with evaluation, it may be difficult to convince some stakeholders that the effort merits the expense, especially in cases where evaluations are not required or will not be used for further decision making.

C. PLANNING FOR SUSTAINABILITY

Many of the initiatives examined in our case studies are still in progress, but sustainability over time is a consideration for many philanthropic initiatives.[1] Indeed, in some cases sustainability has been built into the initiatives from the beginning, while in others, it has developed over time. In general, there appear to be two approaches to sustainability: through mechanisms built into the initiative and through external mechanisms. These are by no means mutually exclusive and, in the best-case scenario, both are probably desirable. Still, the USG and foundation sectors may make different contributions to sustainability, and practitioners may wish to consider different roles for different types of funders as an initiative develops.

1. Fostering Sustainability through the Initiative's Own Mechanisms

Both USG and foundation cases have taken sustainability into consideration when shaping their responses to health and social service problems. In some cases they have built innovative

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[1] Some initiatives are not intended to be sustained past the original donor's involvement—for example, in cases where a program is meant as a demonstration or where the problem is a passing crisis. Such cases are not within the focus of this section.

mechanisms for sustainability into their unique approaches to a problem. For example, Ashoka actively fosters relationships among Fellows so that they can draw on each other for support after Fellowship funding comes to an end. In addition to these networking opportunities, Ashoka Fellows are given lifetime access to communications and legal consultation through independent firms. In another example, GAVI's IFFIm was designed specifically to keep immunization financing in low-income countries predictable and sustainable. IFFIm borrows against 10- to 20-year legally binding aid commitments from donor countries to ensure that financing is available when needed and over the long term.

Among some federal agencies, sustainability is intentionally linked to local ownership of initiatives, which, in any case, experts have agreed is critical to the success of development efforts (HELP Commission 2007). PMI, PEPFAR, and MCC all require that recipient countries take part in developing interventions and, in certain cases, co-financing programs. PEPFAR's "harmonization" process requires that each country lead and take ownership of its own response to that nation's AIDS epidemic. Similarly, MCC's compact development process requires in-country identification of problems and development of solutions, while PMI engages local governments throughout the assessment, planning, and implementation phases of an in-country malaria control strategy. PMI also actively encourages recipients to diversify their funding sources, in particular through involving NGOs and private businesses.

2. Government and Foundation Roles in Sustainability

USG and foundations bring different strengths and confront different challenges in their philanthropic efforts. Of particular importance for sustainability are the two sectors' respective time horizons and attitudes toward their own roles in seeing initiatives through to full fruition. Foundations tend to accept risk, which leads them to innovative approaches but not necessarily to long-term commitment. Indeed, many private philanthropic funders—such as RWJF—limit

the length of time or the number of times a grantee may receive support. In contrast, the federal government is more likely to fund proven strategies, which suggests the potential for USG to cultivate the growth of initiatives for which foundations "planted the seed."

However, the sectors' respective approaches to long-term commitment may be changing. Well-funded foundations, such as Gates, may be trending toward longer-term efforts than past foundation giving. Moreover, with federal budgets under extraordinary pressures, foundations may be in a better position than government to make such commitments (cf. *San Francisco Chronicle*, January 6, 2009). In any case, it is clear that the long-term solution of some problems will require long-term donor commitments, and more purposeful interaction from various donors might support such efforts. Both foundations and government appear to have embraced the philosophy of local ownership of their initiatives, which can also support sustainability.

V. EXAMPLES OF INNOVATIONS IN PHILANTHROPY

To optimize resource use, it is important for both government and foundations to use the tools that best support effectiveness. Given the dynamic and evolving nature of philanthropic practice, a potential benefit of interactions and partnerships between the federal government and foundations is the opportunity they create for sharing emerging innovations. Funders from one sector can emulate practices they observe among their counterparts in the other or simply benefit from practices deployed by their counterparts during their interactions.

Key Findings from This Chapter

The study identified three main areas of innovation in public and private sector philanthropy showing potential for adaptation or adoption across organizations or sectors:

Metrics and Measurement: Innovative use of metrics and measurement can support decision making and findings from such efforts can inform future philanthropy. Examples from the Hewlett Foundation (the "expected return" metric), the Millennium Challenge Corporation (17 independently developed indicators of governance, social investment, and economic freedom), and the Gates Foundation (Institute for Health Metrics and Evaluation) illustrate new approaches. The usefulness of such methods in different settings appears to depend on contextual factors, such as organizational constraints and the nature of the problem being addressed.

Funding Mechanisms: Two cases highlighted innovations in funding approaches. The Rockefeller Foundation's Accelerating Innovation for Development program employs forms of "prize philanthropy" that seek to incentivize the development of solutions to social problems. The federal government could adopt such approaches, although they appear most applicable to narrowly defined problems that are amenable to technological solutions. The Global Alliance for Vaccines and Immunization (GAVI) developed the International Finance Facility for Immunization in order to leverage greater funds and to ensure reliable access to them for recipient countries. The approach appears be most advantageous in health or other sectors where accelerating near-term investments can potentially eradicate a disease.

Administration and Governance. Three examples from the case studies illustrate innovative approaches to the administration and governance of USG-foundation interactions and collaborative activities. The President's Malaria Initiative and the President's Emergency Plan for AIDS Relief are led and supported by a single, centralized Coordinator's office within the federal government. GAVI was established with both public and private funding and has created its own Secretariat, whose growth underscores the substantial effort and resources needed for administering ongoing collaboration.

Through the case studies, we identified three main areas in which innovations in philanthropy are arising: metrics and measurement; funding mechanisms; and administration and governance. Descriptions of examples of these innovations suggest ways in which they might be applied in other settings.

A. METRICS AND MEASUREMENT

All funders must decide which problems to address, how to allocate resources, and whether to modify, continue, or wind up specific programs. Developing systematic approaches and analytic tools to support assessment and decision-making is therefore a high priority for many philanthropic organizations. Metrics and measurement can be used to guide decisions at various stages in the lifecycle of philanthropic initiatives: as part of formulation and planning, in support of implementation, and as a central element of the evaluation of initiative success and effects. Their use can also boost transparency (by making decisions and actions clear) and accountability (by showing the reasoning behind decisions), an important consideration for interactions between federal agencies and foundations discussed in the prior chapter.

This study identified a number of innovative uses of metrics and measurement. The Hewlett Foundation's expected return (ER) metric and MCC's 17 indicators used to determine which countries and sectors should receive compact funding are used in planning stages. MCC's indicators also represent an innovative application of measurement to help guide implementation. The Robert Wood Johnson and Rockefeller Foundations use innovative approaches to measuring outcomes in the evaluation phase of programs and overall operations. Finally, the Gates Foundation is supporting the development and application of quality metrics for use across all stages of the lifecycle of public health initiatives.

1. The Hewlett Foundation's Expected Return Metric

In 2007, the William and Flora Hewlett Foundation undertook to increase the rigor of its grantmaking. Two primary approaches were developed: an Outcomes-Driven Grantmaking (ODG) strategy, and an expected return (ER) metric. The ODG process creates a strategic program plan. The plan sets measurable goals for specified outcomes, defines the program's scope, establishes logic models that lay out how programs are expected to affect outcomes, and determines how to allocate resources to achieve outcome targets. The ER is a quantitative metric used to evaluate and compare clusters of potential investments in grants with similar purposes. It is created by estimating the potential benefits of a particular grant, its likelihood of success, and its costs. Both ER analysis and an ODG process require a clear definition of goals in terms of explicit outcomes that can be measured and used to evaluate potential program investments and estimate their likely success.

Though too imprecise to serve as the decisive factor in funding allocations, ER calculations have provided a structure for thinking about potential benefits and investment risk, according to Hewlett Foundation respondents. In their perception the ER fosters a common language for assessing tradeoffs, which is more important than the actual calculation of expected return. The ODG process and use of the metric forces program staff to be explicit about their program goals and assumptions and to clearly identify anticipated outcomes. With explicit goals and outcome measures established, the tradeoffs between different grant-making strategies have become more evident, providing a more objective framework for discussing trade-offs.

The possibility of applying a tool like ER in other settings is thought-provoking. Hewlett respondents were cautious about suggesting that ER could be used in other settings, particularly in government. They felt that appropriate use of the tool necessarily involves flexibility and the freedom to make subjective judgments, which they surmised might be limited in government

settings. Still, the "investment attitude," explicit assumptions, and common language fostered by such a metric could prove useful in many contexts in both the public and private sectors.

2.   The Millennium Challenge Corporation's Indicators

Using clear metrics and measurement can help to depoliticize sensitive decision processes. This was a core motivation shaping the MCC approach to foreign aid: using clear criteria for establishing countries' eligibility for first receiving aid and continuing to receive it. Country eligibility for MCC assistance is based on the country's performance in three categories: (1) ruling justly, (2) investing in people, and (3) encouraging economic freedom. Each category corresponds to the aims of the USG Foreign Assistance Framework. MCC publishes the indicators annually in the form of a "score card." To "pass" on an indicator, a country must score above the median for countries at similar levels of economic development. Each country's score is then considered along with other factors, such as opportunities to reduce poverty and spur economic growth in the country and the availability of resources, in deciding whether to grant assistance.

The origins of these indicators add to their credibility. They were "developed by independent third-party institutions that rely on objective, publicly available data and an analytically rigorous methodology" (MCC, 2009). These institutions include the World Health Organization, the World Bank Institute, Freedom House, and UNESCO—groups not entirely unaffected by politics, but independent and respected organizations whose involvement adds credence to the indicators as sound criteria for country selection. MCC has also sought indicators that can be used consistently over time and across countries, which adds to their apparent objectivity and credibility, and potentially supports the development of knowledge about successful aid practices.

Once countries are receiving MCC aid, they are evaluated against benchmarks derived from a consistent process. The criteria for evaluating aid recipients are not identical for all nations, since the interventions MCC supports are quite varied. However, the criteria are developed through consultation and with the same three overarching goals in mind (just rule, social investment, and economic growth).

The use of standard indicators to increase objectivity and diminish the role of politics in investment decisions might have applications for entities other than MCC. Respondents from MCC were enthusiastic about the use of indicators to depoliticize aid and bring accountability and transparency to the process. They felt that other donors, both in and outside of USG, could potentially apply such indicators in thinking about where to direct their efforts. Still, in a note of caution, they emphasized that their work was focused strictly on a group of relatively high-performing countries having clear opportunities for economic growth. They noted that U.S. foreign aid, as well as private philanthropy, includes multiple purposes, not all of which are entirely amenable to this approach (for example, disaster relief or national security).

3. The Institute for Health Metrics and Evaluation

Increased interest in accountability and effectiveness has led to the establishment of organizations dedicated to measurement and evaluation. The federal government's Institute of Education Sciences, National Center for Education Statistics, and National Center for Health Statistics are three examples. Expanding this concept with a focus on the international arena, in 2007, the Gates Foundation made a grant of more than $100 million to the University of Washington to create the Institute for Health Metrics and Evaluation (IHME).

IHME is intended to inform the development of public health initiatives at all stages of the lifecycle. It has five purposes: (1) to develop more consistent and accurate public health data, (2) to improve the analysis of such data, (3) to make better use of data to identify the need for

specific interventions, (4) to use rigorous evaluations to document the effectiveness of targeted health interventions, and (5) to use its data and analyses to inform policymakers as they formulate and plan initiatives or chart courses for sustainability. The IHME focuses on five operational areas: health outcomes; health services; resource inputs; decision analytics; and evaluations.

IHME takes a consultative and comprehensive approach to its work. This includes attention to developing, applying, and disseminating instruments, data, and evaluation findings to a broad variety of audiences. As part of its core principles of collaboration and consultation, IHME works with "the global health community"—including outside researchers, practitioners, and governments, as well as "those affected by an analysis"—to determine what ought to be measured and how best to measure it (IHME website, "Who We Are" n.d.). Another core principle, comprehensibility, leads IHME to make information available in formats that are understandable and useful to these same varied groups. In line with all of the Gates Foundation's major initiatives, IHME also seeks to focus on areas where it can make the greatest contribution. It does so by seeking to identify and understand global disease burden, leading causes of death by country, greatest opportunities for health improvement by country, and methods for applying data to decision making.

B. FUNDING MECHANISMS

Delivering funding to those efforts that have been determined to merit resources is a critical aspect of philanthropy. It involves making good decisions about the worthiness of recipients, then providing resources adequate to achieve goals. MCC's indicator-driven process to determine countries' eligibility for aid, described earlier, is one innovative approach to decision-making. Two other case studies focused on innovative funding mechanisms, one for determining

who gets funding and the other for leveraging funds to ensure the availability and sustainability of resources.

1. Prize Philanthropy: The Rockefeller Foundation's Accelerating Innovation for Development Program

Observing innovative models for finding solutions in the private, for-profit sector, the Rockefeller Foundation set out to test whether nonprofits could apply these models to addressing social problems. The foundation found that some private companies issue an open call and offer a reward for developing solutions to a defined challenge. Rockefeller adapted this approach as part of its Accelerating Innovation for Development program, yielding a "prize philanthropy" approach that encourages nonprofits, researchers, and private business to engage in problem solving together.

Rockefeller supports two kinds of prize philanthropy. The first, known as "open innovation" or "crowdsourcing," offers individuals or groups an incentive to work independently to solve social problems. Rockefeller partnered with InnoCentive, a company that was helping private sector clients utilize crowdsourcing. Organizations working to address the needs of the poor can apply for Rockefeller funding to post a problem on InnoCentive's website. Posted problems are viewed by roughly 125,000 engineers, scientists, technologists, and entrepreneurs, who can propose solutions that compete for financial rewards. The nonprofits that post the problems select the solution that best meets their needs. Rockefeller pays InnoCentive's posting fee and half of the award for the winning solution (InnoCentive also receives a percentage of the award). The nonprofit organization that posts the problem initially pays the other half of the award, but Rockefeller reimburses them once the solution is implemented successfully.

A second approach, "cooperative competition," offers a forum in which competitors can work together. In 2007, Rockefeller awarded a $2.5 million grant to support the infrastructure

and rewards for Ashoka's cooperative competition program, Changemakers. This online forum enables teams to develop and post solutions to social challenges identified by the communities themselves under the leadership of "Idea Reviewers"—typically individuals with grantmaking and/or technical expertise—again with a financial award for the best solutions. The solutions then are open for use to the entire community, which provides new ideas, helpful questions, and connections to resources. Competitors draw on the collaboration to refine their proposals.

Prize philanthropy could have applications in governmental and quasi-governmental organizations. USG frequently combats problems that may be suitable for prize philanthropy. The government's scale and prominence could increase participation, and perhaps effectiveness of the approach. Several USG agencies and foundations have expressed interest in this model, and large and quasi-governmental organizations, such as GAVI and the World Bank, already have sponsored Advanced Market Commitments to place $1.5 billion in advance orders for a pneumococcal vaccine from whichever pharmaceutical company can develop the needed drug first.

Broadening the range of settings in which prize philanthropy is used could also bring new challenges, however. Open problem-development models like the two described here generate many more solutions than traditional approaches, so solution seekers or intermediaries need to develop an easily applied filter that can focus attention on the strongest candidates. Rockefeller Foundation respondents observed that open innovation is most successful when there is a tightly defined problem and clear criteria for the solution, as is typical with scientific and technological problems. Rockefeller is starting to test models with less structured problems, such as policy issues. Adoption of the strategy by USG for policy problems may be premature, therefore, since the method is still unproven.

2. International Finance Facility for Immunization

To make progress in alleviating their most serious health problems often requires resources developing societies cannot muster. Without adequate funding, interventions occur only sporadically. Initial reductions in disease or infections may be outstripped by setbacks when funding wanes.

To create a stable flow of funding for immunization and other activities, GAVI in 2006 created the International Finance Facility for Immunization (IFFIm). In a unique financing approach, IFFIm issues bonds based on the financial pledges of donor countries. It delivers the proceeds from those bonds to the GAVI Fund Affiliate Account, which disburses funds to GAVI programs. The bonds are based on 10- to 20-year legally binding commitments from the Group of 7 countries (Canada, France, Germany, Italy, Japan, the United Kingdom, and the U.S.). Using this mechanism, IFFIm aims to double the near-term aid available to developing nations. The World Bank manages the finances and implementation of IFFIm in addition to administering the GAVI Fund Affiliate Account.

Long-term donor commitments yield several benefits. They allow GAVI programs to budget and plan their activities for a longer time period, and allow donor countries that may be facing their own cash shortages to underwrite aid more quickly than if such aid could be extended only as they donated cash. GAVI notes that this mechanism also attracts new funding for immunization that otherwise would not have materialized. The more significant funding levels achievable due to bond leveraging, and the reliability of the resulting aid stream, also allow GAVI to negotiate lower prices for vaccines and to increase the magnitude of prevention and treatment services in the near term. Thus the mechanism should translate into more rapid movement toward eradication of targeted diseases.

The IFFIm mechanism has other potential uses and advantages. The GAVI website suggests that mechanisms like IFFIm, in addition to allowing funds to be leveraged, also can be effective ways to pool funds from various donors to enable more cohesive planning, budgeting, and reporting practices. This approach to leveraging funding could be most advantageous for initiatives in health or other sectors where the ability to accelerate near-term investments can pay off by reducing the scope of the problem and generating long-term benefits. Despite this attraction, USG has so far opted to contribute directly to GAVI rather than donating through the IFFIm, as do many European countries. (According to one respondent, this choice is related to USG's desire to hold a permanent rather than cyclical seat on the GAVI supervisory board.) USG has long issued bonds itself but has not tied them to financing for such specific problems.

C. ADMINISTRATION AND GOVERNANCE

Global health or human services initiatives require substantial communication, coordination, and/or collaboration among multiple entities. This ranges from cooperation among federal agencies to collaboration in planning and funding across international agencies and national governments. Three examples from the case studies illustrate innovative approaches to the administration and governance of USG-foundation interactions and collaborative activities. PMI and PEPFAR are initiatives led and supported by a single, centralized Coordinator's office in USG. GAVI was established with both public and private funding and has created its own Secretariat, whose growth underscores the substantial effort and resources needed for administering ongoing collaboration.

1. Global Coordinators (PMI and PEPFAR)

Both PMI and PEPFAR are structured so that a central office coordinates all relevant USG programs. In PEPFAR, the Office of the Global AIDS Coordinator (OGAC) was established in

the Department of State, answering directly to the Secretary, and mandated to coordinate and oversee the work of all USG agencies implementing HIV/AIDS programs in the focus countries. It thus oversees programs of USAID, the Departments of Health and Human Services, Commerce, Defense, and Labor, as well as the Peace Corps. The U.S. Malaria Coordinator's office, located in USAID, oversees cross-agency collaboration between USAID and the CDC and includes other federal partners in its interagency steering group.

The distinctive feature shared by OGAC and the U.S. Malaria Coordinator is that they have ultimate decision-making and budgetary authority. While both coordinators are linked to a specific agency, they have the authority to make decisions and determine funding for other agencies' programs. They have stature as well; both coordinators are appointed by the President, which offers both practical and symbolic assets; in addition the OGAC appointment is an ambassador-level position.

OGAC and the U.S. Malaria Coordinator represent innovative ways to structure and support executive leadership with the goal of enhancing the coherence of and reducing fragmentation and redundancy in USG efforts around a specific public health problem. This executive leadership model used by PEPFAR and PMI could be adapted for other settings, such as other USG efforts, linking various agencies and possibly private sector stakeholders, although it is perhaps most appropriate for clearly defined problems. Where there is great variation in the understanding of a problem and/or the programmatic approaches applied to it, it likely would be more difficult to justify or win acceptance of a central decision-making authority. Such a model also might be used by very large foundations that need to coordinate different operational units.

2. GAVI Secretariat

For a global health alliance to be successful, an appropriate organizational structure receiving adequate resources and support is critical. The GAVI Secretariat is a central office that

supports key alliance functions and is located and staffed separately from the various donor organizations. One study of GAVI's governance suggested that the Secretariat structure works well for relatively formal partnerships that have a group of members operating as equals. It is "often most appropriate when the partners seek deeper combination gains [and] when a large number of diverse partners are involved" (McKinsey 2002, p. 4).

While GAVI's Secretariat was formed during the birth of the alliance, its structure and role have changed over time. The initial Secretariat, hosted by the UNICEF office in Geneva, aimed to be lean and efficient, with only six staff members. With no technical staff, the Secretariat played a limited role in assisting the GAVI board. Instead, the Working Group, consisting of mid-level technical staff from the founding partners, conceptualized and operated GAVI (CEPA 2007). GAVI was created with this skeletal Secretariat because some of its founding partners feared the creation of a new implementing agency. The Secretariat's only responsibility was the internal management of the Alliance. All other activities were to be left to the partner organizations. Yet as GAVI grew, the size and the responsibilities of the Secretariat also increased. By 2007, the GAVI Secretariat had 88 staff positions.

GAVI's experience highlights the need to invest in partnership governance. Although GAVI is not an implementing agency, its managing of the grant portfolios, providing technical support to recipient countries, and engaging in advocacy required the development of a substantial Secretariat. Currently, the GAVI Secretariat is responsible for the day-to-day operations of the Alliance, including mobilizing resources for funding programs, coordinating program approval and funding disbursements, legal and financial matters, and administration of the supervisory board. As of January 2009, the Secretariat is independent of UNICEF and Secretariat staff is employed by the new GAVI Foundation, established as a Swiss entity.

While the growth of the GAVI Secretariat may have streamlined decision making and increased accountability, this evolution has presented challenges for the partnership. As the Secretariat internalized its framing of policy issues, there has been concern about whether partners felt the same level of ownership, and commitment to, decisions arrived at this way (Chee et al. 2008).

GAVI's struggle to find the correct balance between optimal decision making with accountability and full partner involvement may offer important lessons for USG. In many ways, the Secretariat model is similar to OGAC. One crucial difference is the accountability structure. The GAVI Secretariat is accountable to the GAVI Board, which includes senior representatives of all founding partners and many other key stakeholders. In contrast, OGAC is responsible to the Secretary of State rather than to representatives of the various USG agencies participating in PEPFAR. Perhaps the most valuable lesson from the GAVI Secretariat is that the administration of complex partnerships appears to merit significant resources, and in some circumstances it may be beneficial to establish an administrative structure separate from participant organizations.

VI. EXPANDING THE POTENTIAL BENEFIT OF PARTNERSHIPS

This report has three central messages:

- Foundation and USG philanthropic spending priorities overlap, providing many opportunities in both the domestic and international spheres for interactions of different types, including partnerships. Partnerships may involve communication, coordination, or full collaboration, and can be planned at the beginning of an initiative or during its lifecycle.

- Policymakers and others with responsibility for addressing international and domestic health and social service needs may benefit from greater awareness of existing USG-foundation interactions and from thinking more intentionally about establishing partnerships or other exchanges.

- Through partnerships or other interactions, both sectors may be able to take greater advantage of their relative strengths, along with sharing innovations in philanthropic approaches.

In this chapter we suggest potentially fruitful avenues to consider to stimulate awareness of USG-foundation interactions, to support dialogue with foundations, and to further understanding of approaches that might leverage foundation and other philanthropic resources more effectively.

A. INCREASE AWARENESS OF USG-FOUNDATION INTERACTIONS

Disseminating information from this report or related sources to policymakers, planners, and administrators can enhance awareness of existing USG-foundation interactions and spur interest in potential partnerships. This could be done through issue briefs or by extracting components of the report for specialized audiences. For example, the executive summary could be provided to high-level policymakers, the "primer" on types of interactions (Chapter II) could be used as a followup for responsible stakeholders to frame specific domestic or international philanthropic efforts, while details about forming and sustaining partnerships could be provided to their staff members or administrators in the field.

Sharing the report with philanthropic decision makers outside of the federal government, such as foundation leaders or other philanthropic entities, may spur additional interest in the various possible intersections, interactions, and partnerships. Issue briefs could be circulated to foundations and their associations and affinity groups, or distributed at conferences.

B. SUPPORT DIALOGUE WITH THE FOUNDATION SECTOR

Foundations devote time and resources to considering how to improve the effectiveness of their work, and they might welcome a dialogue with the federal government designed to inform such considerations. Much work has been done to improve how foundations might partner effectively with one another.[1] Opportunities for partnerships with government have received less attention. Yet foundations often undertake efforts to involve stakeholders from many sectors, including government, in defining and addressing problems. For example, in 1999, grants from RWJF, the California HealthCare Foundation, and the Horace W. Goldsmith Foundation helped to found the National Quality Forum, a public-private partnership aimed at strengthening health care in the U.S. The Forum's National Priorities Partnership includes the CDC, the National Institutes of Health, and the Centers for Medicare & Medicaid Services.

Foundations may be interested in joining with USG to consider specific issues and opportunities for interaction and partnership between the two sectors. Options for dialogue could include holding panel sessions at conferences featuring representatives of each sector, convening meetings or seminars to discuss partnership experiences, or inviting foundation representatives to review and comment on federal initiatives or programs that might include a role for foundations or other philanthropies.

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[1] See, for instance, *Philanthropies Working Together: Myths and Realities*, by Robert Hughes (2005), of RWJF, or the work of philanthropic affiliations, such as the Council on Foundations, the Philanthropy Roundtable, and Grantmakers for Effective Organizations.

C. CONDUCT ADDITIONAL RESEARCH

Much could be learned from more in-depth examination of cases where USG-foundation interactions have developed over time and are seen by informed parties as positive models. The present study relied primarily on a document review and interviews with select high-level decision makers. Interviews with multiple individuals at different levels of the organization, ideally, would shed more light on the processes at work across the lifecycle of the initiatives. Such an approach could reveal how USG-foundation relationships are developed and how decisions are made at different levels of the organizations; how one type of interaction may evolve into another; what challenges were encountered across the lifecycle of the initiative; and how challenges were addressed.

It would also be useful to expand the in-depth examination to include other stakeholders. This could provide the perspectives of foreign governments, NGOs, international corporations, local businesses, researchers, and members of the target populations for philanthropic interventions. In nearly all the cases studied here, such organizations and individuals appeared to play an important role in the development and implementation of health and social service initiatives, but their roles and reactions were not studied.

Finally, the methodology of the present study is not appropriate for assessing the efficiency, effectiveness, or value added by any kind of USG-foundation interaction, or the relative usefulness of the different types of interaction. While it would be difficult to arrive at a definitive assessment of these issues, a more systematic examination of the various types of interactions—perhaps through surveys of key USG and foundation stakeholders—could reveal the prevalence of the different types of interaction, the successes and challenges associated with each, and the perceptions of informed stakeholders about their relative utility.

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APPENDIX A

CASE STUDY PROFILES

ASHOKA FELLOWS: FOUNDATION INNOVATION THROUGH SOCIAL ENTREPRENEURSHIP

Some organizations invest in people and ideas, instead of funding programs or particular organizations. One example is Ashoka, which through its Fellows program has led a trend toward supporting social entrepreneurs. Ashoka's approach may be difficult to model in the USG, where different standards of objectivity, transparency, and accountability prevail. Furthermore, Ashoka does not seek to partner with USG or any government. These constraints and preferences, however, do not rule out USG looking at some Ashoka techniques or other types of purposeful interaction, such as complementary or coordinated action in specific geographic regions or fields of interest. Given the influence of Ashoka's approach in the "citizen sector," such learning and interaction may be worth developing.[1]

A. DESCRIPTION

The Ashoka Fellows program identifies and invests in social entrepreneurs worldwide. Fellows are identified through established networks in the relevant countries and public nominations. Ashoka provides Fellows with an initial stipend for an average of three years to allow them to focus full-time on their initiatives. Fellows are also provided with lifetime access to professional services (legal, management) and connected with a global network of social and business entrepreneurs both to learn from them and to disseminate the Fellows' innovations globally (Drayton 2006).

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[1] Ashoka labels the nonprofit or nongovernmental sector as the "citizen sector" to focus on the essential role of individual citizens (and to label the sector for what it is, not what it is not).

B. OPERATIONS

1. Formulation and Planning

Bill Drayton founded Ashoka and the Fellows program in 1980.[2] He believed that while good ideas are essential, they can be leveraged by especially effective people. The Ashoka Fellows approach, adopted by enough organizations now that it is no longer considered novel, is to fund and support individual social entrepreneurs and their ideas rather than particular social needs, programs, or organizations. The Fellows process identifies promising social entrepreneurs, nurtures them so they can pursue their ideas, and fosters global collaboration among entrepreneurs to maximize impact and sustainability of those ideas.

Ashoka chooses Fellows using a five-step process:

1. *Nomination***:** Ashoka has a global network of regular nominators and also accepts nominations from the general public.

2. *First review***:** Ashoka's country representatives review applications, conduct independent reference and background checks, make at least one site visit, and complete at least two interviews with candidates; only about 20-30 percent of applicants proceed past this step.

3. *Second review***:** After the first review, an Ashoka board member or senior professional, from a country other than the applicant's, reviews the application and then conducts a three- to five-hour interview with the candidate.

4. *Selection panel***:** A panel of senior social entrepreneurs, led by a board member or representative from another continent, decides whether the candidate is likely to become a truly outstanding, large-scale social entrepreneur.

5. *Board decision***:** Ashoka's international Board of Directors makes the final decision to ensure worldwide standards and consistency.

Consistent with Ashoka's philosophy, the reviewers and panels evaluate applicants on five criteria, which focus on the entrepreneur and the idea. The candidates must exhibit:

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[2] The name "Ashoka" was chosen to honor a leader who unified the Indian subcontinent in the 3rd century B.C., renouncing violence and dedicating his life to social welfare and economic development ([http://www.ashoka.org/facts], accessed 2/2/09).

- System-changing new solutions or approaches at the regional, national, or international level ("new idea");

- Individual creativity, at both the vision and problem-solving levels ("creativity");

- Dedication to both their idea and to the diffusion of their idea ("entrepreneurial quality");

- Ability to attract replicators ("social impact of the idea"); and

- Individual ethics and trustworthiness ("ethical fiber").

2. Implementation

Ashoka has supported more than 2,000 Fellows in over 60 countries. Ashoka classifies its support as personal or institutional. The most critical personal support is the stipend, start-up capital that allows Fellows to concentrate full-time on institutionalizing their innovative ideas and advancing their mission. Other personal support includes training, personal security, and mentoring. Similar to the venture capital model, Ashoka also provides institutional services. These services, available indefinitely to each Fellow, include collaboration with and advice from the Global Fellowship of more than 2,000 social entrepreneurs; management and strategic advice from a professional management company; communications advice from a communications firm; and legal advice from a law firm. Both the limited initial stipend and the lifetime services provided to Fellows are intended to promote sustainability.

3. Evaluation and Impacts

Ashoka is in the early stages of implementing a program to track Fellows' progress. Twice a year, Fellows submit reports that track their progress against benchmarks mutually agreed upon at the start of the fellowship. These reports address a set of questions that are open-ended and self-defined, allowing Fellows the flexibility to adapt as needed. Benchmarks vary, given the diverse areas in which Fellows work, making it difficult to estimate any aggregate impacts. Recently,

Ashoka has been trying to make the process more interactive, with both Ashoka and the Fellows evaluating whether the other is adequately delivering on their responsibilities.

Ashoka also evaluates its Fellows and their innovations by examining their ability to create "systemic change over time." Ashoka developed its Measuring Effectiveness (ME) program in 1997 to strengthen understanding of the long-term progress its social entrepreneurs are making toward systemic social change. The ME program includes two components: (1) annual self-report surveys of Fellows at the fifth and tenth anniversaries of their selection; and (2) a series of case studies of some Fellow survey respondents to obtain more in-depth information. These components track Fellows' progress toward systemic change and allow some assessment of Ashoka's ability to identify effective social entrepreneurs (Leviner et al. 2007 and Ashoka 2006). The ME attempts to measure outcomes (such as in an educational system) rather than outputs (such as the number of students educated), asking Fellows four questions. The responses are meant to serve as "proxy indicators" for evaluating systematic change over time:

- Are you still working toward your original vision?
- Have others replicated your original idea?
- Have you had impact on public policy?
- What position does your institution currently hold in the field?

A weakness of the ME approach is that it may yield overly positive estimates of outcomes. First, some Fellows become inactive or lose contact with Ashoka (up to 30 percent ten years post-selection); and of the Fellows still in contact, a substantial fraction does not respond to the survey (up to 32 percent ten years post-selection). The responding Fellows are likely a biased sample of the initial fellowship class. Second, since Fellows rate the replication and impact of their own initiatives, there could be exaggeration of progress. Finally, since the Ashoka staff conducts the

ME process, and the success of the Fellows program reflects on Ashoka, staff themselves may have some incentive to paint a positive picture of the program. As many funders have suggested external evaluations, Ashoka is strongly considering this for the future.

These issues suggest a cautious reading of the generally positive results Ashoka has found. Of the Fellows who responded to Ashoka's ten-year, follow-up survey (roughly half of the initial class), 83 percent said they were still working toward achieving their initial vision. There is some evidence that the persistence rate has been increasing over time, possibly suggesting that Ashoka selection and support of Fellows is improving. Ashoka has also found that 82 percent of respondents believe that another individual or group has replicated their work, and 71 percent of respondents said that they had contributed to a country's policy change on a national level.

C. INTERACTION

Often, Ashoka Fellows seek to influence public policy to effect systemic change. Consequently, most Fellows interact regularly with their respective governments, including USG. Recognizing this advocacy role, Ashoka provides Fellows with training and connects Fellows with both public and private individuals who can help prepare and support Fellows in their advocacy and other interactions with government. However, Ashoka purposefully limits its own interactions with governments to communication and does not accept any funding from USG or other governments. Ashoka believes the constraints associated with receipt of government funding could hinder Fellows in their work. Whether these constraints would be perceived or actual, Ashoka believes that a formal relationship with USG or any government will compromise Fellows' freedom and consequently limit their effectiveness.

THE BILL & MELINDA GATES FOUNDATION GLOBAL HEALTH PROGRAM: A LEADER IN GLOBAL HEALTH PHILANTHROPY

As measured by assets or total giving, the Bill & Melinda Gates Foundation (Gates Foundation) is by far the largest U.S. foundation. As of October 1, 2008, the Gates Foundation had an asset trust endowment of $35.1 billion, and distributed more than $3 billion per year. The structure, approach, and agenda of the Foundation are heavily influenced by its founders, and there is no doubt that the direction of philanthropy in the international health arena has been, in turn, heavily influenced by the magnitude of the Foundation's giving. One example of the degree of their influence is the field of malaria treatment and prevention. Global efforts to reduce and eradicate malaria have been catalyzed by and coalesced around the organizations and approaches developed or funded by the Foundation.

A. DESCRIPTION

The Gates Foundation's stated mission is to help all people lead healthy, productive lives. The Gates Foundation was officially established in January 2000, building on previous philanthropic work undertaken through the Microsoft Corporation, which sought to expand access to Internet technology within the United States. With the creation of the Gates Foundation, these philanthropic efforts expanded substantially, focusing primarily on three key program areas—global health, global development, and domestic education. Two of the program areas, global health and global development, account for about 80 percent of the Foundation's grant-making activities.

Since 2004, the Global Health Program has funded more than a thousand grants in an effort to:

- Discover new insights on how to fight serious diseases and other health problems affecting developing countries;

- Develop effective and affordable vaccines, medicines, and other health tools; and

- Deliver proven health solutions to those who need them most.

While the Gates Foundation is involved with a range of activities, this case study focuses mainly on the malaria program created as part of the Global Health Program. Malaria is the focus of one of 11 Global Health Program primary areas. Others include diarrhea; HIV/AIDS; nutrition; maternal, newborn, and child health; neglected diseases; pneumonia; tobacco; tuberculosis; polio; and vaccine-preventable diseases.

B. OPERATIONS

Within the Global Health Program, five key divisions—Policy and Advocacy, Global Health Discovery, Infectious Disease Development, Integrated Health Solutions Development, and Global Health Delivery—administer and carry out initiatives within the 11 focal areas. For each area, including the malaria program, a strategic planning team comprised of staff from each of the divisions develops an overall strategy and monitors implementation and outcomes. These teams are also instrumental in determining how to invest resources to obtain the greatest impact. This structure provides an opportunity for staff to interact and plan by focal area and by type of strategy or intervention. The teams meet at least monthly to develop priorities and monitor progress.

In each program area, the Gates Foundation conceptualizes their grant-making as a series of activities that use inquiry and feedback to select and guide investments with the best chances of advancing Foundation goals. The four key stages, or steps, of the Foundation's grant-making process are: (1) develop strategy (formulation and planning), (2) make grants (implementation), (3) measure progress (evaluation), and (4) adjust strategy (impact). These map well to the conceptual model of philanthropic approaches described in the literature review for this project.

1. Developing Strategy—Formulation and Planning

The Gates Foundation engages in an intensive and collaborative process to formulate strategies for areas in which they plan to invest. When strategies are being developed, the Foundation co-chairs, Bill and Melinda Gates, work closely with the leadership teams to develop a long-range plan. The Foundation gathers data from as many sources as possible and engages experts and potential beneficiaries. Once the area has been established, the strategic planning team takes responsibility for ongoing planning, bringing in the co-chairs and leadership team when needed.

The Gates Foundation often involves a variety of partners, practitioners, and leaders in the strategy development process. Teams define the problem of interest as clearly as possible, then conduct research to understand what is being done to address the problem and by whom, and to identify any potential barriers to change. They routinely seek outside input through "listening sessions" with experts and those affected by the issue and consider short- and long-term solutions. In developing their role, the Foundation aims to identify where they can have the most impact. For malaria, they have allocated resources to expand the use of chemically treated mosquito nets (a short-term solution) and also provided substantial funding to develop a vaccine for malaria (a long-term solution). Once Foundation leadership agrees on overall strategy and tactics, focus area leaders recommend how much money should be allocated to an initiative. Strategies usually are put into place for three to five years.

In the case of malaria, the Gates Foundation's short-term goal is to significantly reduce malaria deaths by 2015. Its long-term goal is to eradicate the disease. To achieve these goals, the Foundation has chosen to focus its efforts on:

- Developing malaria vaccines and other new prevention strategies

- Developing new drugs for treating malaria

- Developing improved methods for mosquito control

- Expanding access and funding for malaria control

- Increasing public awareness about malaria and advocating for effective research and control

2. Making Grants—Implementation

Once a strategy has been selected, responsibility for execution rests with the Foundation's program leaders, known as presidents. They have the authority to find the partners, programs, and activities that will allow them to achieve desired results. Program staff may work with an organization to put a new initiative into place or contribute funds to expand work already underway. To maximize the financial resources that can be devoted to the issue, the Foundation works to leverage additional funding from a variety of outside partners, which it did in the case of malaria.

The Gates Foundation often targets projects designed to have a "breakthrough impact." Much of the Foundation's health funding is therefore directed toward prevention research, such as developing vaccines. In cases where they provide funding for low-tech solutions, such as treated bed nets, they do so in countries where the anti-malaria initiative promises to serve as a model for other countries to follow.

Once a grant has been awarded, an assigned program officer works with the grantee to ensure that the work performed is in sync with the vision and goals of the Foundation. Program officers are typically seasoned experts who not only oversee grant activities, but also provide technical advice to help shape the project. Program officers and grantees operate as formal partners with regular dialogue to develop approaches to the project. When needed, program officers may include

other substantive experts at the Foundation to provide guidance and support. However, the assigned program officers maintain primary decision-making authority.

3.   Measuring Progress and Adjusting Strategy—Evaluation and Impacts

The Gates Foundation has a formal internal process for evaluating grant initiatives. It requires grantees to report on their work and the strategic team to evaluate the overall progress toward outcome goals. As part of this process, the strategic planning team conducts a periodic "refresh" to evaluate milestones achieved and redefine priorities for the program Refreshes occur every six months to three years, depending on the initiative.

An external advisory committee oversees each main program area—global health, global development, and U.S. domestic programs. These advisors review the Foundation's strategies and efforts to implement them. Advisory committees are intended to ensure that Foundation efforts are examined from a holistic perspective and to help make midcourse corrections.

In addition to internal evaluation, the Foundation relies on formal research to identify needs and impacts. A recent grant to the University of Washington for more than $100 million helped create the Institute for Health Metrics and Evaluation (IHME) to obtain more consistent and accurate data, improve data analysis, and identify needs for specific interventions. Evaluations conducted by IHME also document the effectiveness of targeted health interventions and disseminate evaluation findings to inform policymakers.

The Gates Foundation reports that over the past five years its malaria initiative has had a significant effect on efforts to address the disease, by raising awareness and recruiting resources and global commitment to the initiative. According to the president of policy and advocacy at the Gates Foundation, the malaria advocacy community has expanded from a few members to an active, worldwide community, largely in response to the Foundation's leadership and funding. An

editorial in the *New York Times* (December 14, 2008) gave the Foundation credit for a long-awaited breakthrough in developing a malaria vaccine.

C. INTERACTION

The Gates Foundation has played a leading and substantial role in convening and building a dedicated community around the cause of eliminating malaria. The Foundation attributes this achievement to partnerships with public and private entities. The Foundation focuses on partnerships in three primary areas: (1) funding, (2) advocacy and education, and (3) implementation of programs and initiatives. The Foundation also describes itself as acting as a catalyst for challenging governments, including the U.S. government, to take action. Motivated by this philosophy, the Gates Foundation has striven to be a complementary partner with a variety of public and private agencies. Its partnerships include:

- *PATH.* The largest recipient of Gates funds, PATH illustrates how the Gates Foundation uses its funds to build on and advance the work of existing organizations. PATH has received more than $380 million, about 36 percent of the Foundation's total commitments for malaria projects. PATH has furthered the goal of eradicating malaria through two initiatives in particular:

  - *Malaria Vaccine Initiative (MVI).* As part of PATH, the Gates Foundation, in partnership with Exxon Mobil Foundation, the Rockefeller Foundation, and USAID, is supporting MVI, an effort to advance malaria vaccine development and accessibility. In 2008, the Gates Foundation awarded $168 million to MVI for the development of an effective malaria vaccine.

  - *Malaria Control and Evaluation Partnership in Africa (MACEPA).* As a more short-term solution to malaria, MACEPA helps distribute low-tech solutions such as treated bed nets, spraying homes to rid them of mosquitoes, and stocking hospitals with existing malaria medicines. In addition to the Gates Foundation, this collaborative effort to control malaria includes a variety of public and private agencies such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, Government of Zambia, U.S. President's Malaria Initiative, Roll Back Malaria Partnership, United Nations Children's Fund, USAID, and the World Health Organization, among others.

- ***Roll Back Malaria.*** Roll Back Malaria, with support from the Gates Foundation, has been instrumental in creating partnerships with several European governments to establish the International Finance Facility for Immunizations that allows for quick and innovative ways of financing resources for malaria. Roll Back Malaria has also developed a Global Malaria Action Plan to cultivate partnerships and increase awareness of malaria.

- ***Global Alliance for Vaccines and Immunization (GAVI) Alliance.*** The Gates Foundation is a founding partner and primary funder of the GAVI Alliance. To date, Gates has committed more than $1.5 billion to the Alliance to improve access to existing vaccines, drugs, and other resources to fight poverty-related diseases and to support additional research to develop affordable and accessible treatments. Other partners involved with GAVI include government organizations, the World Health Organization, UNICEF, and the World Bank.

- ***President's Malaria Initiative (PMI).*** Partnerships between the Gates Foundation and the U.S. government have been formed primarily through the PMI and the Global Fund.[3] According to a respondent from the Foundation, the PMI has served a seminal role in leveraging resources and encouraging partnerships to combat malaria. To support work carried out by the PMI, in March 2008 the Gates Foundation awarded a $9.3 million research grant to the National Institutes of Health to study and develop methods to diagnose and treat iron deficiency and to better understand its interaction with malaria and other infectious diseases.

A respondent from the Gates Foundation offered four suggestions to foster collaborative public-private partnerships:

- Put into place strong leaders who are able to work effectively across different bureaucracies, leadership structures, and organizational languages. Such leaders need to be supported by flexible staff who can efficiently implement the vision set forth by the collaborative.

- Find ways to effectively coordinate funding to reduce costs and more quickly unlock fiscal resources.

- Obtain market commitments from universities and pharmaceutical companies to invest in drugs that are needed in poor countries but are too expensive for those countries to purchase.

- Create formal senior positions within the U.S. government focused on collaboration and communication among government agencies. He suggested the PMI serves as a

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[3] The Global Fund to Fight AIDS, Tuberculosis, and Malaria is an international public-private partnership created in 2002 to finance global programs to fight the three diseases.

model for improving communication and coordination between public and private agencies.

THE GAVI ALLIANCE: A PUBLIC/PRIVATE GLOBAL HEALTH PARTNERSHIP

The GAVI Alliance, initially named the Global Alliance for Vaccines and Immunizations, was created in 2000. GAVI's stated mission is to save children's lives and protect people's health by increasing access to immunization in poor countries. The founding members of the alliance include the World Health Organization (WHO), UNICEF, the Bill & Melinda Gates Foundation, and the World Bank Group. The partnership includes many other players: developed and developing country governments, research and technical institutes, the vaccine industry in both the developed and developing world, and civil society organizations.

Since its creation, GAVI estimates that it has prevented 3.4 million deaths, protected 50.9 million children with basic vaccines against diphtheria, tetanus, and pertussis (DTP-3), and protected 213 million children with new vaccines and through expanding the use of underused vaccines. It has currently approved $3.7 billion in funding for 75 countries, including future commitments through 2015.

A. DESCRIPTION

The GAVI Alliance is a complex entity consisting of several components:

- The GAVI Alliance's board of directors sets strategic vision and direction, makes high-level policy decisions, and approves support for country immunization programs. It is comprised of representatives from multilateral development agencies, donors, developing country governments, civil society representatives, and the academic community.

- The GAVI Fund accepts donations and provides funding. It was established as a U.S. 501(c)(3) nonprofit organization to support immunization in developing countries, including support of the GAVI Alliance.

- As described later, the Alliance and Fund plan to merge in 2009 as a Swiss foundation.

- The International Finance Facility for Immunization (IFFIm) borrows against legally binding aid commitments by donor governments so that funds can be disbursed with

optimal timing. The IFFIm, launched in 2006 as a separate entity, was established as a charity in the U.K.

- The GAVI Board is supported by a Secretariat, responsible for day-to-day operations of the Alliance and with offices in Geneva and Washington, D.C. The Secretariat also supports the board of the IFFIm.

GAVI's development and use of innovative mechanisms to fund immunization, along with the evolution of this partnership from informal to more formal status, are aspects of GAVI's functioning most relevant to the current study.

B. OPERATIONS

1. Formulation and Planning of GAVI

GAVI is not the first major immunization partnership. Prior to its formation, many of the same entities, including WHO, UNICEF, and the World Bank, participated in the Children's Vaccine Initiative (CVI). The Initiative struggled with inadequate funding and disagreements among its partner organizations. In 1999, WHO decided to disband the Initiative. Even as the partners disbanded, however, there were already plans to form a new alliance.

The new GAVI partnership formed very quickly, aided by two important forces (Muraskin 2005). The first was access to new funding from the Gates Foundation. Through the Children's Vaccine Program at PATH, [4] the Gates Foundation provided $750 million in new funding to immunization efforts including GAVI. By providing such a high level of resources to GAVI, the Gates Foundation substantially increased the resources available for immunization work and reduced the perception that GAVI was competing with existing organizations for funding. The second factor aiding the new partnership was the strong commitment of immunization program

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[4] PATH is an international nonprofit organization addressing health, and was formerly known as the Program for Appropriate Technology in Health.

staff at the partner organizations. A group of staff members who had participated in the CVI formed the GAVI Working Group. This group of mid-level technical staff played a crucial role in the early stages of the Alliance.

GAVI was not formed to implement any programs. Rather, the partners believed that joining forces would add value to the efforts of the individual partners through coordination and consensus building, funding support, innovative programming, and enhanced communication and advocacy. The initial, relatively loose structure of the alliance and its small professional staff were deliberate strategies "intended to ensure that GAVI did not become an implementing entity on its own, but would rely on its partner organizations to undertake all activities except for internal management" (Abt Associates 2008).

2. Implementation

GAVI works to establish country-level immunization programs. Countries with gross national income per capita of less than $1,000 in 2003 are eligible for GAVI support. Currently, 72 countries are eligible. Funds are allocated based on a country's needs, with countries with lower existing immunization rates receiving greater funding. Countries can use GAVI funding to purchase vaccines or vaccine safety equipment. The funding can also be used to strengthen health systems to deliver the immunizations.

GAVI has developed several mechanisms for funding the alliance and supporting its goals. One of its primary goals was to ensure long-term, predictable financing. GAVI also recognized that there can be advantages to frontloading aid, particularly health aid—an area with important economies of scale. To facilitate predictable aid that could be optimally allocated across time, the U.K. proposed establishing the IFFIm to support GAVI. The IFFIm, established in 2006, asked donor countries to make 10- to 20-year, legally binding aid commitments. Currently, France, Italy,

Norway, South Africa, Spain, Sweden, and the U.K. have made commitments to the IFFIm. On the basis of these commitments, the IFFIm issues AAA bonds in the international capital markets. The inaugural bond issue, in 2006, raised $1 billion.

GAVI has also implemented a creative financing mechanism to provide market incentives for vaccine development. Developing a vaccine requires substantial research and development investments. There is a concern that the private sector under-invests in research and development of vaccines for developing countries because the potential for profit is unknown. Through Advance Market Commitments (AMC), donors commit money to guarantee the price and market for future vaccines. In the early years after a vaccine's development, GAVI promises to pay an inflated AMC price for the vaccines to compensate companies for their initial investment. As part of the AMC, vaccine manufacturers make binding commitments to supply the vaccine at sustainable prices after the initial AMC period ends. An independent advisory group decides which diseases to target and how to structure the financial incentives. The AMC program is currently being piloted for the introduction of pneumococcal vaccine. Canada, Italy, Norway, Russia, and the Bill & Melinda Gates Foundation pledged $1.5 billion to fund this initial AMC.

In addition to generating additional funding, GAVI seeks to ensure the sustainability of its immunization efforts by requiring recipient countries to co-fund the efforts. Starting in 2007, GAVI asked recipient countries to start co-financing when they introduce a new vaccine and to co-finance existing vaccines after the first five years of GAVI funding. The co-financing requirements are determined by the income of the recipient countries, but the concept of co-financing ensures that there is the country-level support of the vaccination program that is necessary for long-term sustainability.

3. Evaluation and Impacts

GAVI has also developed an innovative outcome-based funding system for their immunization support grants. Countries initially receive a three-year investment based on a specific vaccine target. While countries have flexibility in allocating the immunization support funds, all progress is measured by the country's DTP-3 immunization rate. By choosing one benchmark, GAVI has simplified its accountability system. Since DTP-3 is a basic immunization that all children should receive, GAVI uses the DTP-3 immunization rate as a measure of a country's immunization infrastructure. Countries receiving funding must reliably report increased DTP-3 coverage rates to renew funding after the initial three-year investment. GAVI has also developed a Data Quality Audit process to ensure accountability. Outside auditors examine health records to verify the level of basic immunizations.

C. INTERACTION

1. Evolution of the Partnership

GAVI has evolved from a loosely structured alliance to a more formal international partnership. The initial GAVI Alliance was informal and had no legal status; it relied on its partners and various entities to provide implementation and governance.

As GAVI developed their new funding mechanisms and allocated increasingly larger amounts of funding, its work became more complex. GAVI received income from four different sources: 1) direct contributions of individuals, foundations, and donor governments to the U.S. nonprofit, 2) direct contributions from donor governments to a GAVI trust account at UNICEF, 3) direct contributions from donor governments to other GAVI trust accounts, including a trust at the World Bank, and 4) proceeds of bond sales from IFFIm. In its initial structure, GAVI had multiple

boards, secretariats, working groups, and standing committees. These groups had overlapping roles and the lines of accountability were not always clear.

This lack of clarity may have been an advantage early on. In their evaluation of the first phase of GAVI (2000-2005), Abt Associates (2008) reported that "a certain amount of ambiguity was at times useful to maintain commitment by all the partners—it enabled partners to interpret GAVI's mandate and their own roles and responsibilities in ways acceptable to the institutions they represented. With respect to governance and management as well as strategic decision-making, ambiguity was sometimes used to facilitate agreement among partners."

With a larger, more complex organization, however, this ambiguity became more problematic. For instance, it led to unnecessary duplication of efforts. In 2005, the alliance chose to undergo a process of convergence, merging the management structures of the Alliance and the Fund under one Secretariat. In 2007, GAVI chose to further modify its structure. An external governance evaluation found that while GAVI had succeeded, the evolution of the organization from a start-up venture to an established force in global public health required re-examination of its structures and processes (CEPA Governance Discussion Paper 2007).

GAVI thus chose to merge the Vaccine Fund and the Alliance into a foundation to be based in Switzerland. This governance evolution becomes official in 2009. For the first time, the GAVI Alliance will be a formal institution (previously only the Fund was a legal entity). This change represents a shift from an informal partnership towards a "partnership institution in its own right" (CEPA Governance Discussion Paper 2007).

2. U.S. Government Interactions with GAVI

The U.S. government was one of GAVI's six original donor countries. Initially contributing $48 million in 2001, the U.S. has increased its annual contribution to GAVI resulting in a total of

$422 million over seven years. Although the U.S. government has been a consistent provider of direct funding to the Alliance, it has not contributed resources to either the IFFIm or the initial AMC.

One challenge for USG of participating in a large international partnership effort is that the decisions of the partnership do not necessarily reflect the preferences of the U.S. government. The Board of the GAVI Alliance includes permanent seats for the Gates Foundation, WHO, UNICEF, and the World Bank. Other seats rotate among members of key stakeholder groups. The United States is not guaranteed a seat at the table. The current board structure includes five seats for OECD countries. Since 2006, Dr. Kent Hill, the Assistant Administrator for the Bureau of Global Health at USAID has held one of the rotating OECD seats, but this seat will rotate in July 2009.

MILLENNIUM CHALLENGE CORPORATION: PUBLIC SECTOR INNOVATION IN GLOBAL DEVELOPMENT

The Millennium Challenge Corporation (MCC) is one of several U.S. government entities and programs that represent innovative approaches to public philanthropy in health, development, and other fields. MCC provides aid through a transparent mechanism with a strict focus on accountability and results, working only with countries with demonstrated high potential for sustainable economic growth. Although MCC staff perceive that other donors could increase the impact of their own efforts and funds by dovetailing with its work, in practice MCC has formed relatively few partnerships with foundations to date, because their focus on supporting economic growth has led them to focus primarily on the private, for-profit sector.

A. DESCRIPTION

Founded in January 2004, MCC is a corporation established by act of Congress and owned by the U.S. government. Its stated goals are to "reduce global poverty through the promotion of sustainable economic growth" (MCC, 2008). MCC disburses an overall fund that Congress appropriates to countries selected by MCC for large-scale infrastructure, economic, and social development programs through in-country Millennium Challenge Accounts (MCA), and provides oversight and management support for each country. The congressional charter allows MCC to commit money upfront for multiyear programs, contract with non-U.S. firms, and work closely with recipient governments to design programs and monitoring and evaluation plans (Congressional Research Service, 2008).

MCC's approach to funding was envisioned as a transparent mechanism with a strict focus on accountability and results. The emphasis on transparency was intended to limit the influence on aid disbursement of shifting geopolitical agendas. To support this approach, MCC funds are "untied

aid," that is, free of country- or sector-specific earmarks determined by Congress. Given that geopolitical as well as humanitarian interests do have a role to play in U.S. foreign aid, the MCC approach is not intended for application to all foreign aid. Rather, it was designed to maximize the efficiency of aid efforts in a select group of "high performing" countries with demonstrated capacity to use resources effectively.

At the heart of MCC's focus on transparency and accountability, the corporation relies on a series of 17 key policy indicators to structure its process for selecting countries that will receive funding. These indicators were developed by independent third parties (for example, the World Bank and Freedom House), and fall into three broad categories, which are aligned with the Department of State's "Foreign Assistance Framework" (U.S. Department of State 2007): (1) ruling justly, (2) investing in people, and (3) encouraging economic freedom. While the application of such indicators is a hallmark of MCC's approach and has been viewed as a "good start" by some (Radelet 2003, p. 166), critics have suggested that the indicators are less transparent than they might seem, pointing to methodological problems, questionable predictive and substantive value, and subjectivity (Chassy 2005).

Countries that demonstrate a minimum level of performance on the indicators are eligible for "compact assistance;" those that show improvement in the indicators but do not fully qualify for compact level assistance can be considered for "threshold programs." MCC currently has compact or threshold programs in 38 countries. Compacts are typically funded for a five-year period, but if a country fails to maintain eligibility or meet benchmarks, MCC can withhold compact funds. Even with these requirements, the relatively long-term commitment of funds by MCC is cited as an advantage over more typical USG aid, which is typically subject to yearly congressional approval, potentially impeding the ability of recipient countries to develop and adhere to long-range plans. MCC threshold countries receive a lower level of assistance than compact countries,

and for a shorter time period. Threshold assistance takes the form of small grants aimed at improving performance on the specific eligibility criteria that are not being met.

B. OPERATIONS

1. Formulation and Planning

As with other U.S. foreign aid programs and approaches, country ownership is a core emphasis of MCC's approach. This emphasis is operationalized in MCC through the compact development process, which occurs in four phases: (1) proposal development, (2) due diligence review, (3) compact negotiation, and (4) entry into force (implementation). Proposal development is typically the most complex of these phases, comprising the bulk of MCC's formulation and planning activity. Twenty-six countries have been deemed eligible for compact assistance and of these, 16 have signed compacts; 10 countries are still negotiating the compact development process.

To begin the proposal development process, each eligible country must conduct a constraints analysis to identify any "bottlenecks to growth" in the local economy. The analysis compels countries to examine their development goals specifically with respect to their potential for stimulating economic growth. Ultimately, it helps a country to sort through "two competing agendas"—national development strategies and market-oriented reform strategies—"to find the appropriate intersection of core priorities that hold the potential to accelerate growth" (Wiebe 2008).

Once the constraints analysis is complete, countries begin the project design step of proposal development, moving beyond identification of problem sectors to developing possible solutions and defining investments for MCC to consider. This step actively involves additional stakeholders (for example, NGOs and private companies) and focuses on developing a well-defined logic model

intended to demonstrate a chain of results from project inputs, to activities, outputs, outcomes, and long-term impacts.

As part of this process, countries must conduct cost-benefit analyses to develop alternative investment proposals and models. These analyses provide a rationale for each proposed investment strategy and demonstrate how investments will support economic growth and boost household incomes. The cost-benefit analysis is an important factor in the MCC selection process and is utilized both by the candidate country and MCC during review and decision-making. It is also made available to the public in the interests of transparency.

During the due diligence review, MCC's in-house or contracted experts evaluate the proposals. In addition, MCC consults with other donors, NGOs, and private business during the assessment process. The use of the consultative process and the cost-benefit analyses in decision-making points to what is often considered the most innovative aspect about MCC's approach: "The systematic application of analytical techniques to virtually every element of every program and the transparency provided by the use of these techniques and MCC's public dissemination of their outputs" (Wiebe 2008, p. 2). After due diligence, a compact is negotiated and signed and work begins.

2. Implementation

After the culmination of the compact process, MCC hands over implementation authority to the country's own Millennium Challenge Account (MCA). This is an entity created by the compact country to administer MCC funds and implement the approved programs. The local MCA solicits, awards, and administers procurements for goods and services based on the programs designated in the signed compact. Payments to MCA-contracted vendors to deliver these goods or services are made through a common payment system for each compact country into which MCC

directly disburses funds. The MCA submits periodic procurement plans and at least semi-annual updates to MCC for approval.

3.   Evaluation and Impacts

MCC's approach to assessing progress and measuring results has three phases: (1) pre-investment analyses, (2) monitoring and assessment during implementation, and (3) post-implementation evaluation. As part of each phase, quantitative data are collected and analyzed so that in-country and MCC staff can identify problems, assess alternatives, track progress, and measure results. MCC requires countries to identify baselines, as well as outcome and impact indicators, from the beginning of a proposed project, starting from the pre-investment phase. These become part of the performance indicators that MCC uses to track progress on a given project.

MCC creates incentives for countries to respond to these data requirements by providing funds for monitoring and evaluation. MCC works closely with MCAs and the institutions responsible for implementing the program to develop a Monitoring and Evaluation (M&E) plan. MCC requires that every compact include a formal M&E plan, making this management tool a core part of the bilateral agreement. MCC also does not release subsequent disbursements until adequate documentation is provided that previous funds have been spent and relevant milestones have been met, as delineated in the M&E plan.

The cost-benefit models developed earlier in the compact development process are also used to inform M&E plans. These models include an accounting of costs for each activity during the length of the compact, provide implementation timelines, and define the important milestones and deliverables. This connection between cost-benefit analyses and the M&E plan is crucial in the performance measurement framework, since both MCC and the compact country have accepted

the cost-benefit models prior to funding and have agreed to implementation and measurement according to the assumptions in the model.

MCC has highlighted the importance of rigorous impact evaluation in quantifying performance gains and determining which partner country investments are most effectively helping to reduce poverty through growth. Given the difficulty and expense of rigorous impact evaluations, however, MCC carefully examines the use of funds for conducting such studies. In doing this, MCC considers three factors: (1) the need for information, (2) the learning potential from the evaluation, and (3) the cost and feasibility of conducting the impact evaluation. MCC works extensively with national statistics agencies, research institutions, and other domestic data collection agencies, such as universities, to collect and refine indicator data for use in its performance assessments and results-based management framework. Although MCC has begun impact evaluations in several compact countries, none has yet been completed.

C. INTERACTION WITH FOUNDATIONS

MCC's organizational structure includes a unit dedicated to multilateral and donor relations, which seeks to engage NGOs, foundations, and other private sector entities. Dovetailing with MCC work can, in the view of its staff, allow other donors to increase the impact of their own efforts and funds, and participate in a systematic development initiative. When funding infrastructure projects, for example, MCC may encourage MCAs to look for business or philanthropic opportunities to leverage the improved infrastructure to accelerate economic growth or well-being. Occasionally funds from other donors allow MCC to increase outputs (for example, the number of individuals served by a compact project), or to finish a project that otherwise would have run out of money (typically due to fluctuating value of currencies). One MCC respondent noted that while foundations typically have more limited resources than MCC, they have more

flexibility and can take risks that the MCC (because of statutory requirements) and other bilateral and multilateral donors cannot.

Despite the potential advantages of working with foundations, MCC's partnership efforts have focused more on the private, for-profit sector, rather than foundations. A respondent involved in partnership development identified a few key barriers to partnerships, such as differences in organizations' timelines, rules and regulations, and funding structures, which could apply to foundations as well as to businesses and other governments. For instance, the U.K. Department for International Development (DFID) wanted to fund teachers in schools MCC had constructed, but because DFID grants are given as overall budget support—rather than tied specifically to an item such as teacher salaries—the organization could not compel the recipient government to use its support to fund teachers' salaries. Another perceived barrier to partnerships is that MCC and other donors are hesitant to fund projects jointly because each organization wants to be able to document the outcome of its own investment. Some donors have overcome this barrier by agreeing to fund clearly delineated parts of the same project.

Compact countries also work with external organizations as part of their compact development process. For example, in-country MCAs often enter into agreements with other philanthropic groups, such as the humanitarian organization CARE. Many of these agreements simply minimize redundant or conflicting efforts between programs, but others foster active collaboration. Once MCC's investment is made, private-sector organizations and some nonprofits may become actively engaged in the procurement process as bidders on contracts to provide materials and/or services. Procurement is implemented and administered by the MCA within the compact country.

MCC also engages with the for-profit sector. It encourages investment not only from corporate foundations (or their social responsibility arms), it also tries to make the case that its

selection criteria identify countries ripe with opportunities for private investment. MCC has developed a toolkit to encourage private sector investment. In late 2007, MCC signed a memorandum of understanding (MOU) with Microsoft and U.S. government agencies to "promote international development in areas such as economic growth, health, governance, and education" (MCC 2007). MCC has also worked with entities such as the Business Council for International Understanding, the Corporate Council on Africa, and the Business Council for Capacity Building to hold investment and procurement forums.

Perhaps MCC's most significant formal partnership with a foundation is through the Alliance for a Green Revolution in Africa (AGRA), an initiative with significant funding from the Bill & Melinda Gates Foundation. MCC originally reached out to the Gates Foundation as it was becoming involved in agricultural initiatives. MCC and AGRA signed an MOU, agreeing to engage in policy dialogue and coordinated implementation planning in four African countries. As they develop compacts, the recipient country and MCC draw on AGRA's on-the-ground technical expertise in the region to identify problems and solutions that best align with MCC's growth-oriented approach.

PRESIDENT'S MALARIA INITIATIVE: EXECUTIVE LEADERSHIP IN GLOBAL HEALTH

In recent years, public and private philanthropic efforts have coalesced around the goal of reducing deaths in developing countries from preventable and/or treatable diseases, of which malaria is a prime example. The President's Malaria Initiative (PMI) takes advantage of existing U.S. government infrastructure and proven prevention and treatment strategies, rather than establishing new entities or seeking dramatic breakthroughs. It engages in interactions of several types with many different entities, including corporate and foundation partnerships.

A. DESCRIPTION

PMI, launched in 2005, is a five-year expansion of federal resources to fight malaria in the regions most affected by the disease. PMI is an interagency initiative led by U.S. Agency for International Development (USAID) and implemented together with the U.S. Centers for Disease Control and Prevention (CDC). The U.S. Malaria Coordinator oversees this with an interagency steering group made up of representatives of USAID, CDC/HHS, the Department of State, the Department of Defense, the National Security Council, and the Office of Management and Budget.

PMI was established to assist the National Malaria Control Programs (NMCPs) in up to 15 target countries to strive toward cutting their malaria-related deaths by 50 percent. It does not provide funding to target country governments or government agencies, though it coordinates efforts with them. Instead, PMI directly funds four key intervention strategies to prevent and treat malaria: (1) spraying with insecticides (indoor residual spraying or IRS), (2) insecticide-treated mosquito nets (ITNs), (3) lifesaving drugs, and (4) treatment for pregnant women (intermittent preventive treatment or IPT). To help deliver these interventions PMI provides commodities including drugs, ITNs, and appropriate insecticides for residual spraying. It also aims to strengthen

countries' logistics, management, communication, and training infrastructure to distribute commodities and implement the four strategies. PMI promotes private sector involvement including corporations, community-based and faith-based organizations, and others in funding and delivering interventions. As a guideline, PMI has a target of using 40 to 50 percent of its funding in the provision of commodities. The remainder of the budget is spent on training, logistics, delivering commodities to patients, and monitoring and evaluation.

PMI target countries are Angola, Tanzania, and Uganda (beginning in 2006); Malawi, Mozambique, Rwanda, and Senegal (2007); and Benin, Ethiopia (Oromia Region), Ghana, Kenya, Liberia, Madagascar, Mali, and Zambia (2008).

B   OPERATIONS

1.   Formulation and Planning

PMI was announced in 2005, with $1.2 billion in funding planned over a five-year period. A January 2007 article in the *Seattle Times* suggested that the Gates Foundation's experience in reducing malaria through simple, inexpensive interventions may have prompted the US government to fund such an initiative.[5]

PMI builds on a long record of involvement by the U.S. government in anti-malaria efforts. USAID and the CDC have been involved with anti-malaria research and programs since the 1950s. PMI consolidates and expands USAID malaria-related funding and activities under a single umbrella, and builds on USAID's recent work addressing production capacity of malaria treatments and bed nets, as well as developing policies for effective treatment adoption. Since 2001 the U.S. has also contributed to the Global Fund to Fight AIDS, Tuberculosis, and Malaria,

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[5] See http://seattletimes.nwsource.com/html/nationworld/2003538739_gatesbush17.html.

along with making contributions to and participating in other international and multilateral organizations that help lead and coordinate the fight against malaria.

2. Implementation

The administration and decision-making structure of PMI were established at its inception, and constitute one of its unique features. Even though PMI is a collaborative effort, a PMI coordinator has ultimate decision-making and budgetary authority. The coordinator reports to the USAID administrator, and the coordinator's authority, role, and responsibilities extend to all USAID malaria policies, planning, budgeting, communication, and outreach strategies. The coordinator's responsibilities include:

- Direct supervision over, and hiring authority for, all USAID/Washington malaria staff
- All malaria budget allocations to bureaus and countries as well as malaria staffing levels in bureaus and countries
- Approval of all malaria-related acquisition and assistance plans
- Authority to approve or disapprove all malaria-related monitoring and evaluation (M&E) requirements and reporting requirements
- Approval of all travel to countries for malaria programs
- Lead representation at all international malaria prevention and treatment meetings including those sponsored by Roll Back Malaria, World Bank, World Health Organization, and UNICEF

With a goal of geographic balance and maximum impact on malaria morbidity and mortality in countries across Africa, PMI specified criteria for selecting the 15 countries to target over the life of the initiative. Selected countries have:

- A significant burden of malaria
- National policies and practices for the prevention and treatment of malaria consistent with those recommended by the World Health Organization, and capacity to implement those policies

- Demonstrated political will by national leadership for control of malaria and willingness to partner with the U.S. government

- Existing U.S. government in-country presence

- High potential for impact on malaria mortality

- A Global Fund grant for malaria with acceptable grant performance

- Other donor involvement

PMI places U.S. government staff members on the ground to support the work of local health ministries and national malaria control programs. The staff usually includes USAID and CDC representatives. It then contracts with private sector, nonprofit, faith-based or other entities to provide anti-malaria commodities, and services such as pharmaceutical logistics and management, policy development assistance, monitoring, evaluation, and reporting. PMI places its budgets and expenditure reports, along with the contracts executed for commodities and services, on the PMI website for public access as a way to enhance accountability of PMI funds.

3. Monitoring and Evaluation

PMI has well-defined goals and a set of indicators for monitoring and evaluation. Nationwide coverage of programs is monitored by collecting information through established large-scale, population-based household surveys, such as the Demographic and Health Survey (DHS), Multiple Indicator Cluster Survey (MICS), or the stand-alone Malaria Indicator Survey (MIS) which is based on the malaria module of the DHS and MICS survey instruments. These surveys enable PMI to collect information from participating countries and local regions on the proportion of:

1. Pregnant women who have received two or more doses of sulfacoxine-pyrimethamine (SP) or other recommended drugs for IPT during their pregnancy

2. Households with at least one ITN

3. Children under 5 years of age who slept under an ITN the previous night

4. Pregnant women who slept under an ITN the previous night

5. Houses in areas targeted for IRS that have been sprayed

6. Pregnant women and children under 5 years of age protected by either IRS or ITNs

7. Children under 5 years of age with suspected malaria that have received treatment with an anti-malarial drug in accordance with national malaria treatment policies within 24 hours of the onset of their symptoms.

In addition, PMI evaluates three major aspects of malaria control operations within funded countries: (1) coverage rates for the four key interventions; (2) malaria mortality; and (3) associated factors that may affect the interpretation of these data (such as contextual information that could also influence coverage rates or mortality). PMI reports evidence from at least four of its focus countries that shows reductions in malaria transmission.

4. Sustainability

PMI aims to achieve high and sustained national coverage rates for malaria prevention and treatment efforts. Toward this end, PMI attempts to promote increased funding by host governments of their own national malaria control programs. PMI engages these programs throughout the assessment, planning, and implementation phases of the in-country malaria control strategy in order to promote host country investment. Active involvement of community, NGO, and private sector organizations in malaria control at all levels is also sought and funded through PMI.

Another planned sustainability strategy is increased diversification and long-term funding by donors and partners. In this regard, legislation reauthorizing the President's Emergency Plan for AIDS Relief (PEPFAR) also helps to continue the activities of PMI. On July 30, *The Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008* went into effect. Among other provisions, the law authorizes $48 billion to combat global HIV/AIDS, malaria and tuberculosis over the next five fiscal years

and substantially increases U.S. assistance to prevent and treat malaria through insecticide treated bed nets, indoor residual spraying, access to anti-malarial drugs and other tools.

C. INTERACTIONS

Interaction is a strong component of PMI. The initiative interacts with five different groups. First, it is structured as a collaborative partnership between USAID and the CDC, with input from steering group partners. Second, it coordinates with the governments of target countries in Africa and with local public agencies including specific health ministries. For instance, it supports the improvement of local pharmaceutical management systems to improve the distribution of essential medicines.

Third, PMI supports nongovernment and community- and faith-based organizations in their local anti-malaria efforts through a separate grant program. The Malaria Communities Program, managed by PMI with $30 million of funding over five years, provides grants to these types of grassroots organizations to expand prevention and control activities to the communities where they are needed most.

Fourth, PMI has invited partnerships with the private sector and has engaged several corporations or their foundations as well as PEPFAR to fund PMI-related activities or events. For example, in Angola, the Exxon-Mobil Foundation donated $1 million to support PMI objectives. In Zambia, PMI partnered with PEPFAR and the Global Business Coalition to distribute more than 500,000 ITNs to persons living with HIV. With the support of PMI, Malawi expanded its IRS program through a successful partnership with a private sector company. Private sector partners also help implement integrated mosquito net distribution campaigns in which individuals receive vouchers for nets, then purchase them from local businesses or organizations for a small, subsidized payment.

Fifth, PMI communicates and coordinates with other international anti-malaria efforts. Under the umbrella of the Roll Back Malaria Partnership, PMI coordinates with the Global Fund to fight AIDS, Tuberculosis and Malaria, the World Bank, the Bill & Melinda Gates Foundation, and other donors and often co-funds activities. For example, the PMI coordinator attended the October 2007 Gates Foundation Malaria Forum. In addition, the Global Fund procured more than 8.7 million doses of an oral treatment for malignant malaria in Uganda, and PMI resources were used to support their distribution to local health facilities and community drug distributors. PMI has also partnered with donors in mass campaigns to procure and distribute ITNs. In some cases, PMI procured nets for these campaigns, filling gaps not covered by other partners, or provided resources for logistics or follow-up surveys.

ROCKEFELLER FOUNDATION'S ACCELERATING INNOVATION FOR DEVELOPMENT: OPEN AND USER-DRIVEN MODELS FOR CHANGE

A unifying theme in the Rockefeller Foundation's programming is helping poor and vulnerable populations benefit from globalization. One component of globalization has been a technology-facilitated expansion of inter-organizational collaboration and communication. After observing the success of these techniques to solve problems in the developed world and private sector, the Rockefeller Foundation created the Accelerating Innovation for Development (AID) program to adapt these tools to solve problems in international development.

A. DESCRIPTION

AID has two goals: (1) identify and demonstrate that open and user-driven innovation models are effective and efficient processes for addressing the needs of the poor, and (2) significantly increase the application of these models to generating solutions in development. Specifically, AID promotes and supports four innovation models:

1. *Open Innovation (Crowdsourcing)***:** Taking a job traditionally performed by an employee or contractor and outsourcing it to a wider audience in the form of a public request for solutions. Crowdsourcing can be competitive (money is awarded to whoever submits the best product) or noncompetitive (multiple individuals/organizations complete individual components of an overall project).

   Sample grant: Rockefeller partnered with InnoCentive, a company that was already helping private sector clients utilize crowdsourcing. Nonprofit organizations working to address development problems apply to post their problem on InnoCentive's website. Roughly 125,000 engineers, scientists, technologists, and entrepreneurs can view the problems on the Internet and then propose solutions. The nonprofit then determines the best solution.

2. *Cooperative Competition:* As currently implemented by Rockefeller, cooperative competition (sometimes called "coopetition") is similar to crowdsourcing in that a problem is presented and individuals and/or organizations are invited to suggest solutions via the Internet. However, in cooperative competition solutions are publicly viewable, enabling others to comment and suggest improvements.

Sample grant: In 2007, Rockefeller awarded a $2.5 million grant to Ashoka's Changemakers, a cooperative competition program (www.changemakers.net/). Changemakers is an online forum that enables teams to develop and post solutions to selected social challenges. The solutions are open to the entire community, allowing the teams to benefit from new ideas, helpful questions, and connections to resources.

3. *User/Customer Centered Innovation***:** This technique incorporates the needs and input of the customer or user into the innovation process. Specifically, AID encourages industrial and product designers to consider social, environmental, and economic impacts, balancing individual user needs with the overall needs of a community.

    Sample grant: Rockefeller has collaborated with IDEO, a product design firm, to create a how-to guide and workbook for firms interested in designing for social impacts (https://client.ideo.com/socialimpact/docs/IDEO_RF_Guide.pdf).

4. *User-driven or User-generated Innovation:* Within communities, individuals often solve problems through their own ideas and methods, which may be particularly well suited to the context and target population. This model involves recognizing solutions and then disseminating them to other users for replication. Rockefeller specifically supports an approach that identifies "positive deviants"—those with attitudes, behaviors, and strategies enabling them to function more effectively than their peers. Encouraging imitation of a deviant's approach can benefit the entire community.

    Sample grant: Rockefeller has supported the Rural Innovations Network, a South Indian organization that identifies and assists local developers in the field, helping them bring rural innovations to the marketplace.

B. OPERATIONS

1. Formulation and Planning

Periodically, the Rockefeller Foundation engages in an examination of concepts that cut across all grantees, such as efficiency, effectiveness, and organizational capacity. AID was developed after a periodic review identified innovation as a central theme. The Foundation then conducted a survey of the innovation literature and concluded that the private sector had used open and user-generated innovation with positive results. These innovation models were also consistent with general trends Rockefeller had observed in their grant-making: increasing globalization and interconnectedness, technology that enables inexpensive communication, and partnerships involving the public, private and nonprofit sectors. While some nonprofit organizations have

adopted these models, usage was relatively uncommon, and Rockefeller decided to test and scale up these models in the development sector. The Foundation looks for opportunities to apply innovation models that were developed to address business or technology needs to social and development problems, where the models have not yet been proven.

2. Implementation

Each of the four open and user-generated innovation models has been implemented by Rockefeller, although some AID projects have only begun recently. Consistent with an open and user-generated innovation approach, AID staff members encourage community participation by having nonprofits identify development problems. Rockefeller then supports the application of open and user innovation models to find solutions. To ensure that the process is not just a theoretical exercise without definite plans for execution, Rockefeller structures incentives to encourage solutions to be implemented on the ground. For example, when a nonprofit organization's problem is solved by an InnoCentive contractor, AID pays only half of the award amount and the nonprofit pays the remainder. However, Rockefeller fully reimburses the nonprofit once the solution has been implemented.

3. Evaluation and Impacts

After the first year and a half, not many nonprofits have posted problems at InnoCentive. Rockefeller attributes this outcome, in part, to initial difficulties in adapting the model to serve a different, novice client base. Other AID projects are in the early part of their grant lifecycle and have not been formally evaluated. However, Rockefeller has been evaluating interim progress and has observed positive momentum in nonprofit usage of the innovation models and changes in behavior by the providers of the models. The Foundation believes that changes in supply

(providers), as well as sufficient demand, are necessary to build sustainable markets that will function once AID has ceased funding in an area.

Ultimately, formal evaluations will examine outcomes among three groups of organizations AID aims to affect:

1. ***Users of innovation approaches:*** This includes NGOs, private sector companies, and government agencies working on development problems. For these organizations, the Foundation hopes to increase usage of open and user-driven innovation. The metrics that will be used to examine change include measures of usage, learning, discussion and sharing, and qualitative assessments, both by users and organizations that considered but ultimately did not use the innovation models.

2. ***Providers of innovation approaches*:** Rockefeller wants providers to broaden their definition of users to include social sector actors and to develop a sustainable model of targeting nonprofits. For example, one of the goals of the InnoCentive partnership was to develop a program that would enable InnoCentive to partner with nonprofits at a lower cost. The metrics that will be used include whether providers' business models change to include the social sector and whether the social sector is considered when providers develop future projects.

3. ***Funders*:** Foundations can create constraints and opportunities, and Rockefeller wants to examine whether they and other funders encourage their grantees to use these kinds of models and whether the funders use the models in the work they do. The metrics that will be used to measure change include Foundation usage and support of grantees in using models.

C. INTERACTION

The Rockefeller Foundation has not yet approached USG regarding AID. However, future interaction may occur given that AID seeks to increase funder support and adoption of open and user-generated models. Some USG agencies like the Defense Advanced Research Project Agency (DARPA) have already successfully used open competitions to identify solutions to difficult problems in their areas.

ROBERT WOOD JOHNSON FOUNDATION: A LEADER IN DOMESTIC HEALTH PHILANTHROPY

The Robert Wood Johnson Foundation (RWJF) is one of the largest foundations focused on domestic health. In 2007, RWJF awarded 820 health-related grants totaling more than $488 million. In addition to its stature among U.S. foundations, RWJF serves as a useful case study because the diversity of its interactions with the federal government reveals how context can shape US government-foundation interactions and partnerships.

A. DESCRIPTION

Endowed as a national foundation in 1971, RWJF pursues a mission of improving the health and health care of all Americans. RWJF currently focuses its funding on seven program areas: (1) building human capital for health professionals, (2) vulnerable populations, (3) pioneers (innovators in health or health care), (4) childhood obesity, (5) health coverage, (6) public health, and (7) quality and equality. In earlier years, RWJF focused on other program areas such as long-term care, chronic care, cost containment, substance abuse, and end-of-life care.

B. OPERATIONS

1. Formulation and Planning

RWJF's mission and programmatic history set the Foundation's long-term direction. Changes in direction typically take place when an incoming RWJF president proposes new priorities. Key stakeholders such as government health policy experts, former foundation officials, and current senior officers are then consulted during a formative stage, leading to a strategic plan that is brought before the Foundation's board of directors for their input and approval (Hughes 2000).

Decisions to move into new areas take into consideration many factors. Most important are the current environment (critical population needs), feasibility of programs, the ability to build on

existing work, opportunity to be a resource and neutral convener for policy-makers and communities, and whether the Foundation's limited resources are sufficient to effect change in the area (Lavizzo-Mourey 2003). RWJF generally aims to exit a program area when the field has advanced sufficiently to sustain itself (RWJF 2004).

In recent years, the Foundation has begun to direct a greater proportion of its resources to multi-year, mission-focused grants—a reflection of its emphasis on a long-term strategy for affecting American's health and health care. The multi-year commitments reflect the scale and complexity of problems being addressed. More interaction with other foundations, state and local governments, and especially the federal government is perceived by RWJF leadership to be necessary to address such issues. As the RWJF president has noted: "Our resources may seem vast, and we may have great expertise among our staff and our grantees, but compared with even the shrinking resources of government—local, state and federal—individual foundations and nonprofits are hard-pressed to create change" (Lavizzo-Mourey 2005).

2. Implementation

To manage their many grants without a large internal bureaucracy, RWJF has created intermediaries to administer clusters of projects. These national program offices enable the Foundation to award substantial funds to multiple organizations while maintaining appropriate oversight and the flexibility to change priority program areas. This approach also allows RWJF to gain rapid proficiency in specific program areas without hiring specialized staff. National program offices have been used to support partnerships with the U.S. government. For example, the Assistant Secretary for Planning and Evaluation (ASPE) within DHHS worked with RWJF to develop a national program office for the Cash & Counseling program to provide program

oversight and to coordinate communication and decision-making between the two organizations (Knickman and Stone 2007).

3. Evaluation and Impacts

RWJF emphasizes evaluation. It currently uses a four-stage approach that examines both short- and long-term outcomes, at the program, foundation, and even societal levels (Knickman and Hunt 2007):

- RWJF hires outside organizations to evaluate the results of its major grant initiatives. Evaluations range from qualitative case studies to randomized clinical studies, with smaller initiatives sometimes not being evaluated.

- As part of an internal impact framework, RWJF uses performance indicators to measure progress toward short-, medium-, and long-range targets in specific program areas.

- The RWJF board of directors receives an annual scorecard that incorporates performance indicators from the impact framework, survey responses of grantees measuring opinions about RWJF, expert responses assessing the Foundation's impact on health, and staff opinions on the Foundation's strengths and weaknesses.

- RWJF posts evaluation reports on its website and also publishes an annual book series, *To Improve Health and Health Care: The Robert Wood Johnson Foundation Anthology*, on what has been learned through Foundation programs and evaluations.

An analysis of the Cash & Counseling program found that "the ASPE/RWJF collaboration allowed the federal government to invest in the development of a strong evidence base and the Foundation to support and expand a policy-oriented demonstration project that may ultimately become a pivotal strategy in most states' efforts to build stronger home and community-based service systems" (Knickman and Stone 2007). The authors attributed this success, among other factors, to ASPE and RWJF's similar cultures for rigorous evaluation and experiences working on large-scale, analytical projects (Knickman and Stone 2007). This partnership with a government

agency also enabled RWJF to obtain the necessary waivers under Medicaid law to conduct the demonstration project.

C. INTERACTION WITH U.S. GOVERNMENT

During the initial strategic planning process for specific programs, RWJF staff conduct a survey of existing programs and players in the area, including government and other foundations. During this process, RWJF also commonly learns of innovations by specific programs, other foundations, and federal agencies. Staff then evaluate whether program goals may benefit from the involvement of other stakeholders. At the most basic level, there must be common ground on the approach, priorities, and goals to justify interaction.

The approach RWJF takes depends on a staff evaluation of the costs and benefits of interaction. Staff weigh the merits of a variety of possibilities. Strategies range from funding advocacy efforts to affect federal policy, to supporting communication to improve programming and avoid duplication, or even developing deliberate, complementary programs to enable each organization to focus on their comparative advantage.

The benefits to interaction can be substantial: knowledge sharing, minimized duplication, and even leveraging of additional funding. While deeper interaction can amplify these benefits, RWJF often decides that less formal or no involvement is the most efficient path. Previous RWJF efforts have revealed that initial enthusiasm over obvious benefits of interaction can obscure the high costs of deeper relationships. One respondent stated: "The more formal the nature of the relationship, the harder it is, the longer it takes, and the more complicated it is. There is a continuum of how formal relationships are, and building relationships requires very careful development and understanding of rules and roles, either through memoranda or contracts, which

is challenging. For us, it is not worth the time to develop formal relationships unless it is long-term and involves significant resources. Transaction costs are huge."

Given the costs of interaction, previous successful relationships have sought to simplify processes and address administrative hurdles. For example, RWJF sometimes responds to extensive federal financing rules and regulations by funding a specific project component, like a demonstration program or conference, with other funders sponsoring other components. Over time, RWJF's experience with federal agencies has allowed it to develop patterns or recognized routines of interacting, leading to less costly interactions. Even when both sectors have a common logistical framework, RWJF considers the marginal costs of further interaction for each project, since collaboration can lengthen the planning process and constrain project and institutional innovation.

In addition to considering the logistical difficulties with any interaction, RWJF takes care to avoid impairing what staff members believe are the Foundation's own structural advantages compared to government. RWJF has the freedom to fund innovative and risky projects that are insulated from political pressures that might make it difficult or impossible for a government agency to conduct certain kinds of policy research, such as an examination of sexual practices or tobacco policy. In addition, foundations often have more flexibility with their resources than the federal government, although this may be changing as RWJF makes more multi-year, mission-focused grants.

Given their overlapping programmatic interests, RWJF has interacted with the U.S. government in a number of ways. Some recent initiatives include:

- **The Cash & Counseling Demonstration and Evaluation**: a collaboration with U.S. government that began as a partnership with ASPE to improve long-term care services for frail elders and individuals with disabilities. The collaboration, which arose from shared policy motivation for the initiative, had a well-defined and relatively narrow focus on the problem, and benefited from the influence of internal program advocates within ASPE and RWJF. Both the Foundation and ASPE committed to the

demonstration approach, which facilitated collaboration. Jointly they created a national program office to manage the decision-making process, facilitate communication among partners, and provide technical assistance to grantees. The team developed coordinating and monitoring mechanisms involving regular management team conference calls and the use of inter-agency transfers to enable other government funders to participate. The Centers for Medicare and Medicaid Services (CMS), while not a formal partner, was also involved, approving state Medicaid waivers and later eliminating the requirement that states needed a waiver to offer the Cash & Counseling option (Knickman and Stone 2007).[6]

The initial Cash & Counseling Demonstration and Evaluation (1995-2005) has been followed by two additional phases: (1) the Cash & Counseling Replication Initiative, which also involved funding from the Retirement Research Fund and the DHHS Administration on Aging (AoA), which began in 2003 and ended in 2008, and (2) the National Resource Center for Participant-Directed Services (started in 2008) which is currently being funded by a consortium of sponsors that include RWJF, Atlantic Philanthropies, AoA, CMS, and the Department of Veterans Affairs.

- **The Nurse Funders Collaborative:** a complementary interaction with the federal government convened by RWJF to identify ways of addressing the nursing shortage and related health care issues. The Collaborative meets quarterly and includes 10 federal government entities and 90 foundations and corporations. Participating government entities, all within DHHS, are the Health Resources and Services Administration, the National Institutes of Health, the Agency for Healthcare Research and Quality, the Administration for Children and Families, AoA, the CDC, CMS, the Office of the Secretary, SAMHSA, and the Indian Health Service (Davis and Napier 2008). One goal of the Collaborative is to better coordinate initiatives designed and operated by participating entities.

- **The National Priorities Partnership:** a group of 28 national organizations from the public and private sectors, convened in 2008 by the National Quality Forum to improve health care. The partnership is supported by RWJF and facilitates supplementary interaction with the federal government. It includes diverse stakeholders with influence over major portions of health care delivery such as health care and quality improvement organizations, various DHHS agencies (Agency for Healthcare Research and Quality, CMS), and associations that represent consumers, health professionals, health plans, community health centers, and other related businesses. The partners have agreed to a core set of priorities and goals and to take action to achieve safer, more affordable, and effective care, yet each operate independently, seeking to avoid redundancy.

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[6] The evaluation was named winner of the Health Services Research Impact Award for 2009. AcademyHealth, a nonprofit public policy organization, announced the award, which recognizes outstanding examples of the positive impact of research on health policy or practice, at its National Health Policy Conference on February 2, 2009.

THE U.S. PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF: EXECUTIVE LEADERSHIP IN GLOBAL HEALTH

Funding by the U.S. government for international HIV/AIDS prevention, treatment, and care increased dramatically from $840 million in 2001 to more than $4.5 billion in 2007 as the result of the President's Emergency Plan for AIDS Relief (PEPFAR), launched in 2003.[7] PEPFAR is a multi-pronged effort to comprehensively address the spread and impacts of HIV/AIDS and to better coordinate the U.S. government's global HIV/AIDS agenda, as well as its interactions with other such efforts.

A. DESCRIPTION

When PEPFAR was introduced in 2003, it represented the largest health initiative by any nation focused on one disease (PEPFAR 2006). The original $15 billion commitment proposed $5 billion for existing bilateral programs throughout the world, $1 billion for the Global Fund to Fight AIDS, Tuberculosis, and Malaria ($200 million per year), and $9 billion for new programs in target countries in Africa and the Caribbean. It was adopted by Congress with three provisions. An amendment required that at least a third of all prevention funds be spent to promote sexual abstinence. A second amendment allowed faith-based groups to reject strategies they considered objectionable, such as condom distribution. Third, the law authorized, but did not require, up to $1 billion per year for the Global Fund, five times the amount requested.

PEPFAR funds are authorized by Congress and are provided to participating agencies that implement HIV/AIDS programs in 15 focus countries that together represent approximately 50

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[7] PEPFAR's funding was reauthorized in 2008, through a bill which authorized up to $48 billion to combat HIV/AIDS, tuberculosis, and malaria (H.R. 5501, the Tom Lantos and Henry J. Hyde U.S. Global Leadership against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008).

percent of HIV infections worldwide. Twelve of the countries—Botswana, Côte d'Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia—are in Africa. The remaining three are Guyana, Haiti, and Vietnam. Full implementation of PEPFAR began in June 2004 and includes support for HIV/AIDS programs and services in approximately 100 other countries (IOM 2007, PEPFAR website n.d.).

The U.S. Global AIDS Coordinator reports directly to the Secretary of State and is mandated to provide coordination and oversight for the work of U.S. government agencies implementing HIV/AIDS programs in the focus countries. These implementing agencies are USAID, the Peace Corps, and the U.S. Departments of State, Health and Human Services, Commerce, Defense, and Labor.

Prior to the implementation of PEPFAR, the U.S. government was spending significant sums of money on combating HIV/AIDS outside of the U.S. but through numerous government agencies that did not necessarily coordinate their activities. The rationale behind this new U.S. strategy derived from the widespread belief that more effective coordination, greater resources, and a more focused and concerted effort were required to combat the HIV/AIDS pandemic (OGAC 2004). PEPFAR officials acknowledge the role and importance of existing multilateral and bilateral programs in a number of countries, such as the Global Fund to Fight AIDS, Tuberculosis, and Malaria (the Global Fund) and USAID, but there was no overarching system in place to "connect the development dots," to ensure programs were based on evidence and a consistent and uniform framework of principles, or that they achieved results (OGAC 2004, 2008).

B. OPERATIONS

1. Formulation and Planning

PEPFAR focuses on country ownership. Although the Office of the U.S. Global AIDS Coordinator (OGAC) has some central funding it uses for regional initiatives in target countries, such as public-private partnerships, the majority of funding is dedicated to the target countries. Efforts in each of the focus countries are coordinated by OGAC, but led by country teams. Each country team, in turn, is led by the U.S. ambassador and includes the host-country government, U.S. government agencies, nongovernmental organizations, multilateral institutions, and other in-country stakeholders. The country teams conduct joint project planning and are charged with development of both a five-year strategic country plan and an annual operational plan (IOM 2007). After the U.S. Global AIDS Coordinator reviews and approves the country operational plans, countries begin to receive funds.

2. Implementation

A key feature of PEPFAR is its creation of the Office of the U.S. Global AIDS Coordinator, a central coordinating mechanism to synchronize efforts of multiple U.S. government agencies implementing HIV/AIDS activities around the world. Similar to the role of the U.S. Malaria Coordinator established by the President's Malaria Initiative (PMI), OGAC was given responsibility for the oversight and coordination of all U.S. government resources and activities to fight HIV/AIDS globally, and has authority for allocation of all PEPFAR funds to U.S. government agencies. Unlike PMI, however, PEPFAR established OGAC as an independent entity housed within the State Department with the AIDS Coordinator as an ambassador-level position appointed by the President.

The establishment of OGAC was deliberately distinct from other government models, such as the Millennium Challenge Corporation, which was created as a new government agency, and PMI, where one existing agency (USAID) retains authority. The placement of OGAC within the Department of State reflects its central purpose—to coordinate and not manage programs—and, according to one OGAC respondent, the then prevailing view that foreign assistance is central to foreign policy.

The OGAC has a relatively small staff of approximately 75 people. The bulk of resources and staff are allocated toward conducting multilateral diplomacy and supporting program services. Other important initiatives within OGAC include strategic information gathering for dissemination, public-private partnerships, and new partner outreach. PEPFAR is centrally coordinated by OGAC, but is implemented by the teams—described above—in the focus countries (IOM 2007).

Taking a comprehensive approach to address HIV/AIDS, PEPFAR supports three types of interventions in focal countries:

- **Efforts related to preventing new infections.** Prevention approaches include reducing sexual transmission, the prevention of mother-to-child transmission, preventing transmission through unsafe blood and medial injections, and reducing transmission by promoting male circumcision.

- **Support for treatment of infected individuals.** Several components of antiretroviral treatment (ART) are supported by PEPFAR, such as obtaining governmental commitment to treatment developing clinical guidelines; establishing training programs for clinical and laboratory staff; and providing space and personnel for clinical care in medical facilities. In the area of pediatric treatment, PEPFAR activities have addressed the high cost of pediatric treatment formulations; regulatory barriers to registering pediatric formulations; and limited information about pediatric doses of medicines at different ages and weights.

- **Care for those who are infected.** Care and support comprises five categories of services: clinical (including prevention and treatment of opportunistic infections and AIDS-related malignancies, and pain and symptom management), psychological, social, spiritual, and preventive services.

PEPFAR also undertakes efforts to build capacity within focus countries to sustain its interventions.

3. Evaluation and Impacts

PEPFAR's enabling legislation and strategy included defined, measurable performance targets. Staff members in focus countries report semi-annually to OGAC on program-, outcome-, and impact-level indicators for each program. Outcome measures include behavior change, health infrastructure capacity and quality, care and support, and impact of care and treatment, including morbidity and mortality. This reporting mechanism is critical to PEPFAR's operation and has enabled the initiative to show progress in a quantifiable way, although critics have sometimes taken issue with the true value of the indicators. Still, OGAC staff and decision-makers pay attention to these indicators. Country operational plans are reviewed annually, and OGAC requires justification when countries do not reach agreed-upon targets.

PEPFAR staff has begun discussions of how to measure impacts effectively but data are not yet available to determine the impact of its services. However, according to an evaluation of PEPFAR implementation conducted by the National Research Council at the Institute of Medicine (IOM) and released in 2007, PEPFAR has demonstrated that HIV/AIDS services, particularly treatment, can be scaled up rapidly in challenging environments, such as those existing in the focus countries.

By the time PEPFAR was reauthorized in 2008, OGAC staff reported that its treatment goals had been nearly reached, with PEPFAR supporting treatment for more than 1.7 million people worldwide, compared to a goal of 2 million. PEPFAR also reported supporting care for more than 6.6 million people, somewhat shy of the initial 5-year goal of 10 million (PEPFAR 2008b).

C. INTERACTION

PEPFAR's approach to public-private partnerships emphasizes the importance of local partners in focus countries as a means to create and implement more sustainable and effective programs. This approach is also intended to facilitate large-scale interventions on the ground and engage further resources to maximize impact. Public-private partnerships are encouraged insofar as they are aligned with a country's programmatic and strategic goals, and the decision to move forward with a public-private partnership rests with the country team.

According to OGAC staff, the role of the Public-Private Partnership office within OGAC is to connect private sector companies, foundations, and even philanthropic individuals to a country's team leader. The office helps implementing agencies in the field recognize the value of public-private partnerships, and trains people in ways to approach the private sector. OGAC staff view public-private partnerships to be more effective when they can match initiatives to existing programs, rather than creating new ones. According to PEPFAR's annual report (OGAC 2008), the initiative helped facilitate numerous in-country public-private partnerships and seven large-scale, multi-country, public-private partnerships in 2007.

Operationally, a public-private partnership is structured through a one-to-one funding match between the private sector and government, but multiple private sector partners can join together to meet the matching requirement. Ideally, as public-private partnerships grow, private sector funds will exceed U.S. government resources. Most public-private partnerships are financed through funds allocated in the country operational plans. In addition to in-country partnerships, OGAC staff also broker larger, regional partnerships, such as one with a large multinational medical technology company to strengthen laboratory practices and provide training to laboratory staff in multiple countries.

The effort to foster public-private partnerships brings with it a number of challenges for implementation and expansion. For instance, according to interview respondents, OGAC staff members often face resistance from U.S. field staff who may feel distrust toward the motives of the private sector. Another challenge is the funding mechanism. Establishing public-private partnerships can be a cumbersome and time-consuming process. Moving money and developing contracts for each specific public-private partnership within a government bureaucracy can take much longer than it would at a large corporation. This can cause frustration among private sector partners.

The planning process for public-private partnerships currently uses a more passive rather than a proactive approach, according to OGAC staff. The U.S. government and focus countries respond to opportunities brought to OGAC by businesses or foundations interested in partnerships, rather than systematically looking at a country's needs and finding private sector solutions to meet them. However, OGAC is working on shifting the emphasis to the latter approach and private sector partners have been flexible and open to these changes. According to OGAC staff, implementing agency staff may find public-private partnerships more appealing if they can see how they could fill a specific gap for their country.

WILLIAM AND FLORA HEWLETT FOUNDATION EXPECTED RETURN METRIC: INNOVATION IN DECISION-MAKING

The William and Flora Hewlett Foundation, one of the nation's largest family foundations, awarded almost $500 million in grants in 2007. The Foundation makes grants in education, the environment, global development, performing arts, and population. The Foundation also has special programs to advance the field of philanthropy and support disadvantaged communities in the San Francisco Bay Area.

A key tool in the Foundation's decision-making processes is the "expected return" metric, a quantitative measure used for comparing potential investments. While the United States government could potentially adopt a similar metric to aid decision-making, respondents from Hewlett expressed concern that the constraints faced by many government agencies might impede such adoption.

A. DESCRIPTION

The Hewlett Foundation has a strong commitment to strategic grant-making, attempting to allocate its funding to maximize impact. The Foundation has worked with external consultants to clarify its goals, identify outcomes it hopes to affect, and evaluate the effectiveness of different grant-making strategies. To evaluate potential initiatives, Hewlett developed an "expected return" (ER) metric that measured the potential benefits of a particular grant, its likelihood of success, and its costs. Starting in 2007, Hewlett piloted the use of the ER metric in its global development and population programs as a component of the Foundation's efforts to make optimal choices in allocating scarce resources. Hewlett refers to this strategic effort as an outcome-driven grant-making (ODG) process.

B. OPERATIONS

1. Formulation and Planning

The Hewlett Foundation has a long history of rigorous grant-making. In the 2004 president's statement, the idea of an ER calculation was evident, years before the actual metric was developed. The president noted that the relatively limited resources of foundations, even very large ones like Hewlett, was an impetus to identify "ways in which we can set in motion forces that will have greater and longer-lasting impact than any of our particular grants" (Brest 2004). With limited resources, foundations need to optimally allocate their grants to produce the greatest social return. In 2004, the Foundation did not advocate quantifying social returns but believed that "the investment metaphor embodies an *attitude* that presses the staff to use the Foundation's resources as effectively as possible" (Brest 2004, emphasis in the original).

In 2007, the Hewlett Foundation chose to make this investment attitude more explicit. The Foundation started working collaboratively with Redstone Strategy Consulting Group to increase the rigor of its grant-making by developing an overall ODG strategy and ER metric. The basis of an ODG process is a strategic plan that sets measurable goals and outcomes, defines the program's scope and establishes logic models that link programs with outcomes. It also determines how to allocate resources to achieve the target outcomes. ER analysis informs ODG by introducing a consistent, quantitative metric to evaluate potential investments. Both the global development program, a new Hewlett Foundation program still engaged in exploratory grant-making, and the Foundation's population program, an established program with an existing grant-making strategy, piloted the use of the newly developed procedures to evaluate their grant-making strategies.

2. Implementation

Both ER analysis and an ODG process require a clear definition of goals in terms of explicit outcomes that can be measured and used to evaluate all potential programs. Global development chose two metrics to quantify their impact: the number of individuals living on $2/day whose incomes at least doubled as a result of Hewlett's programs, and the value of a multidimensional metric global development index that included measures of literacy and health. Population took a different approach, specifying two desired outcomes: stabilization of global populations at levels that promote social and economic well-being, and sustaining the environment and enhancing and protecting reproductive health and associated rights. To conduct the ER analysis, the population program also needed outcomes that could be clearly measured and chose to use different metrics for different clusters of grants. For instance, the ER analysis for one cluster was measured in terms of "expected unwanted births averted through 2050."

With a common yardstick to measure the success of each potential program investment, Hewlett attempted to calculate ER for each cluster of potential investments. The ER calculation depends on four measures: benefits in the perfect world, likelihood of success, philanthropy's contribution, and the costs of a particular strategy. In effect a benefit-cost ratio, the calculation adjusts the benefits to reflect the reality of risk and the role of other funders. The formula for the calculation is:

*Expected Return = (Benefit in the Perfect World * Likelihood of Success * Philanthropy's Contribution) / Cost*

The "benefit in the perfect world" is the Foundation's best estimate of the effect of the investment on the outcome metric. The benefit component of the ER analysis is informed by the professional judgment of Foundation staff and existing academic research. The likelihood of

success component reflects the presence of risk, which takes many different forms—the link between the investment and the outcome may not be correct, the grantee may not have the ability to successfully implement the program, or the success of the program may be affected by external political or economic considerations. Again, the Foundation's estimate of risk is based on existing evidence, professional knowledge, and field interviews, but it is fundamentally a subjective assessment. The philanthropy's contribution seeks to measure the importance of its involvement in driving the outcome relative to other actors' roles. While the contribution might be measured by the share of the total funding provided by Hewlett, foundations can also play roles as conveners or leaders where their significance to a project may exceed their financial contribution. The cost includes the program cost to implement the strategy and the overhead cost to administer the grant. Dividing by the cost creates a benefit-cost ratio.

The Foundation does not use ER calculations to determine whether to fund one organization over another, rather they are used to determine the most effective strategies for achieving particular goals. For example, the global development program considered a wide range of strategies including supporting impact evaluations of public services, scaling up literacy interventions, and reforming trade regulations in emerging economies. Using ER calculations, Hewlett determined that the first two strategies had higher expected returns than the third. At this point, Hewlett has not used ER calculations to determine which organizations to fund because the information on the potential benefits and risks is not accurate enough to allow for the comparison.

3.   **Evaluation and Impacts**

The Hewlett Foundation's pilot of ER analysis and ODG highlight some of the benefits and challenges in pursuing a more rigorous approach to grant-making. While ODG is seemingly straightforward, the Hewlett programs that used it encountered practical challenges at each step in

the process. The actual process of calculating ER is very time consuming and the population program found that "the margin of error on most estimates was too large to allow for confident comparisons of returns" (Redstone Strategy 2008). Introducing the ER metric did not eliminate the importance of the professional judgments of the Hewlett program officers. Many of the components of the ER calculations, particularly the benefits and the likelihood of success, were subjective assessments.

Although the pilot users of ER analysis reported some significant limitations, the ODG process had important benefits. The ER calculation is not a fixed objective metric that answers all funding allocation questions but it did force program staff to be explicit about their goals and assumptions. The process also forced Foundation staff to develop a common language. With explicit goals and outcome measures, the tradeoffs between different grant-making strategies became more evident, and provided the staff with the necessary structure to discuss them. Similarly, while the ER calculations were too imprecise to serve as the sole factor to determine funding allocations, they did provide a structure for thinking about potential benefits and investment risk.

With respect to ER's potential usefulness to the U.S. government, staff at Hewlett expressed concern that in a government context, the more formal ER metric could be used in ways or for purposes that it was not intended. These individuals emphasized that the ER metric is not precise and that it still requires the subjective judgment of program officers. For example, they noted that a program with an ER of 8.7 is not necessarily that different from one with an ER of 8.65, but they worried that U.S. government officials would not have the necessary discretion or flexibility to use their own judgment to decide between two such programs. For Hewlett, flexibility was an important part of the entire ODG process and respondents stressed the importance of having the freedom to use the metric as just one part of the decision–making process.

C. INTERACTIONS

The Hewlett Foundation acknowledges that while it is one of the country's largest private foundations, its funding accounts for a small share of global philanthropic spending, particularly if government expenditures are included. The Foundation's president recognizes that Hewlett "operates in a social and economic space with many other actors." Noting the different types of interaction that may be possible, he adds: "Merely being aware of their presence creates opportunities to coordinate resources to achieve common ends. And in some circumstances, actual collaboration can significantly increase the participants' impact in addressing social problems" (Brest 2006).

In addition to numerous collaborations with other private foundations, Hewlett also interacts with U.S. government efforts. Although the financial resources of the government far exceed the Foundation's, Hewlett "can help governments undertake projects that they might find difficult to tackle alone" (Brest 2006). The framework of strategic grant-making forces the Foundation to consider where its funds can have the greatest impact. With relatively limited resources, it looks to invest in areas where the Foundation can leverage other resources or alter the activity of larger players, potentially governments.

The actual nature of the interaction with the U.S. government can take many different forms—all with potentially high expected returns. In the past, Hewlett has co-funded programs with the government. For example, Hewlett and the National Institute for Child Health and Development recently co-funded a program on population and the environment. The Foundation also provides funding for new, unproven endeavors that could be adopted by the U.S. government once proof of concept is demonstrated. In other cases, Hewlett complements existing activity by funding related programs not eligible to receive government funding. For example, the population program has supplemented PEPFAR by providing funding for family planning.

APPENDIX B

MAXIMIZING THE VALUE OF PHILANTHROPIC EFFORTS THROUGH PLANNED PARTNERSHIPSBETWEEN THE U.S. GOVERNMENT AND PRIVATE FOUNDATIONS

LITERATURE REVIEW

MATHEMATICA
Policy Research, Inc.

Maximizing the Value of Philanthropic Efforts through Planned Partnerships between the U.S. Government and Private Foundations

Literature Review

January 2009

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CONTENTS

CONTENTS *(continued)*

I. INTRODUCTION AND STATEMENT OF PROBLEM

Each year, Americans donate roughly $300 billion to charitable organizations, which supports private philanthropic work domestically and overseas (Kaplan 2007). This work supported by the private sector sometimes intentionally dovetails with United States government (USG) efforts, while at other times both public and private funds are devoted to similar tasks with little or no coordination between funders. In an environment of increasingly urgent international challenges and finite public and private resources, there is a compelling policy interest in better understanding the interactions between the two sectors' efforts and learning how to promote more effective collaboration.

Responding to this compelling interest, the Office of the Assistant Secretary for Planning and Evaluation (ASPE) at the U.S. Department of Health and Human Services (DHHS) has contracted with Mathematica Policy Research, Inc. to undertake the study, "Maximizing Federal and Private Philanthropic Spending At Home and Around the World." The study is comprised of three major tasks: (1) a review of data on domestic and international philanthropic grantmaking and USG aid spending; (2) a review of literature on the development of such initiatives by and the shape of interactions between USG agencies and philanthropic entities; and (3) case studies of up to 10 of these organizations or initiatives. The study will examine U.S.-based private philanthropic foundations and those USG agencies most involved in foreign and domestic aid initiatives, focusing primarily on health and social services efforts.

This review of literature synthesizes the current state of knowledge about USG-foundation planning and interaction and lays the groundwork for the in-depth case studies that will follow in

the subsequent tasks. [1] Given the relative importance ASPE placed on international efforts, the literature review focuses heavily on international organizations and initiatives. Domestic efforts are addressed to the extent that these can enhance the understanding of a given issue or provide useful examples. Similarly, efforts in the health sector are given priority, although not to the exclusion of other social services.

A. FRAMEWORK: KEY TERMS AND OVERVIEW OF FOUNDATION AND USG PHILANTHROPY

This study and the present literature review reflect study parameters and priorities established in the study specifications and early discussions with ASPE. To frame the literature review, we have implemented these parameters and priorities by defining the study's scope and focus. This included developing operational definitions, and deciding which private and public philanthropic entities and activities to examine.

For purposes of this study, we use the term "philanthropy" to refer to an active effort, usually taking place over an extended period of time and involving the contribution of money, goods, time, or other resources, to promote human welfare. Philanthropy may have charitable or public policy purposes and goals and may involve private donations or taxpayer funds. This stands in contrast to more conventional uses of the term, which typically refer to charitable giving. For simplicity's sake, throughout this review we use "philanthropy" in referring to both private and public aid efforts.

In delimiting our approach, we focus on philanthropic initiatives. We define an initiative as a course of action, system, or program deliberately developed by an organization, under which

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[1] The literature review was conducted simultaneously with the data review in September 2008; both were intended to inform the case studies and final report. The reviews that are included here (Appendices B and C) were revised, based on feedback from ASPE, in January 2009.

action is taken to achieve some specific philanthropic objective. Initiatives can be defined broadly to include the provision of aid or assistance through ongoing program activities or, more narrowly, as individual projects focused on specific geographic regions or target populations and implemented over a limited period of time. This more narrow definition will be appropriate when selecting case studies, but for this literature review, we use the term in both broad and narrow senses.

Our understanding of public and private philanthropy and philanthropic initiatives also requires some explanation. While private philanthropy can also encompass the volunteer efforts and charitable giving of individuals, religious groups, and corporations, we limit our scope to the philanthropic efforts of foundations. Foundations have the capacity to develop and fund major domestic and international initiatives, and unlike individuals, foundations have the capacity to interact and collaborate with USG. While foundations have always played an important role in domestic philanthropy, over the last decade, U.S.-based foundations have significantly increased their grant funding for international activity (Renz and Atienza 2006).

By definition, foundations are nonprofit corporations or charitable trusts established to give grants to organizations, institutions, or individuals for scientific, educational, cultural, religious, or other charitable purposes. The Internal Revenue Service makes a distinction between private and public foundations. Private foundations derive their wealth from an individual, family, or corporation, whereas public foundations rely on donations from multiple sources, including the general public. Almost 90 percent of private foundations are independent foundations established with a gift from an individual or family. The other two types of private foundations are operating foundations, which implement their own programs, and corporate foundations, which receive their wealth from a publicly held company. Public foundations, often termed "public charities," primarily make grants and typically receive their assets from multiple sources; this may include

private foundations, individuals, government agencies, and/or fees for service. To retain their status as public charities, public foundations must continue to raise funds from diverse sources. While most of the foundations we will consider are independent private foundations, there are a few notable public foundations that play an influential role in international and domestic philanthropy, such as the William J. Clinton Foundation and Ashoka.

Foundations vary dramatically in size and influence. Many independent foundations are small family-run entities with no endowment. Only 6 percent of the independent foundations tracked by the Foundation Center have any staff (Collins 2008). While the charitable giving of small foundations is certainly an important piece of global philanthropy, most do not sponsor initiatives that could serve as useful comparisons to the efforts of the public sector. Instead, we focus on the largest independent foundations as defined by levels of annual giving, as well as several others identified in the literature as significant innovators or influential agenda-setters.

We limit our investigation of government-sponsored philanthropy to those efforts most comparable to the private philanthropic initiatives of most interest—that is, those focusing especially on international efforts in the sectors of health, human services, the environment, education, development, and relief. USG's international assistance takes five major forms: bilateral development aid, economic assistance supporting U.S. political and security goals, humanitarian aid, multilateral economic contributions, and military aid. In fiscal year 2005, the largest share of the U.S. foreign aid budget was allocated to bilateral development aid (35 percent) followed by military (24 percent), economic and political security (22 percent), humanitarian (13 percent), and multilateral development aid (7 percent) (Tarnoff and Nowels 2005).

The most prominent agency for international public philanthropy is the U.S. Agency for International Development (USAID). USAID has primary responsibility for managing bilateral

development aid, including economic growth, global health, and democracy programs. Additional bilateral development aid is channeled through other USG organizations, including the Peace Corps and the Millennium Challenge Corporation (MCC). MCC directs large grants towards countries that are on a specific developmental trajectory and have also met criteria such as commitment to good governance and economic freedom. The State Department manages the bulk of the humanitarian aid, as well as funds allocated to support U.S. political and security goals. The Treasury Department directs U.S. contributions to multilateral organizations, such as UNICEF and the World Bank. For this review, our examination of international public philanthropy focuses heavily on USAID and MCC because these entities pursue philanthropic initiatives most comparable to the efforts of foundations.

Defining domestic public philanthropy is somewhat challenging. DHHS is responsible for significant health and social service initiatives, but many other federal departments also engage in philanthropic efforts in multiple areas including, for example, education, the environment, housing, and community development. Our emphasis again will be on specific USG efforts comparable in their intent and operationalization to the efforts of foundations.

A final issue requiring some explanation is the role of intermediary organizations in public and private philanthropy. Examples of prominent intermediaries are the United Nations, the International Red Cross, and the Carter Center. Intermediary organizations may receive both public and private funding. While they may implement initiatives of their own, they are more important to this study in their role as advocates and conveners. By making issues part of public dialogue and bringing stakeholders together to discuss them, they can play an important role in setting the agenda for philanthropic efforts, though they are not the focus of the study.

B. RESEARCH QUESTIONS

This literature review provides a basis for understanding public and private philanthropic efforts, including decision-making and measurement approaches among, and interaction between, USG and foundations. The review will address three sets of research questions (detailed below), focusing primarily on the first set of questions.[2] The second set of questions, while addressed in the review, will be informed further by the case studies developed under later tasks. While the literature review will begin to address the third set of research questions, these will be explored more fully in the final report, drawing from an in-depth examination and cross-cutting analysis of the case studies.

1. **How do foundations and USG agencies identify needs, develop initiatives, and measure progress toward their goals?**

   - How do public and private sector organizations set priorities among possible choices for beneficial work? How do their decision-making approaches differ?

   - What kinds of metrics are used to measure success against goals?

   - What innovative approaches to decision-making and outcome or impact measurement are being used?

   - What are the relative strengths and limitations of foundation and USG decision-making processes, funding mechanisms, and program approaches?

2. **What is the nature of existing USG-foundation interactions regarding international and domestic health and social service initiatives?**

   - What types of current foreign and domestic philanthropic ventures include USG-foundation interactions? What types of interaction occur?

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[2] The review of funding data addresses additional research questions involving the levels and distribution of foundation and USG spending.

- Under what circumstances do foundations or intermediary organizations (organizations that rely on both USG and foundation funding to coordinate and lead initiatives) tend to coordinate with USG efforts domestically and abroad?

- When coordination occurs, how is it structured?

3. **What approaches to USG-foundation decision-making, results measurement, coordination, and collaboration have positive potential for future application?**

- What decision-making processes, funding mechanisms, and program approaches used by private foundations could USG philanthropists adapt, and vice versa?

- What factors might affect the desire and ability of USG and foundation funders, as well as intermediaries, to target and address needs, and to coordinate their efforts in doing so?

- How might foundations and USG combine efforts in developing, implementing, and evaluating initiatives to deploy their strengths most effectively?

C. APPROACH TO THE REVIEW

To ensure a systematic and comprehensive examination of the literature, the research team approached the review in three phases: search, review, and analysis. First, through discussions with a project consultant with expert knowledge of the foundation world and preliminary library and web-based searches, we identified authoritative sources from government, foundation (including professional consortia), and academic spheres (including university centers and think tanks). We then conducted a broad scan of literature from these sources, using keyword searches as appropriate, and compiled a database of potentially useful documents. Given the growth in the foundation sector and the changing priorities of USG, we focused mainly on works published within the past decade, 1998-2008.

The study team then assessed the quality and salience of the documents and selected between 5 and 10 from each type of source for detailed review. In the second phase, reviewers read the documents and entered information into an analytic guide, which was linked

conceptually to the research questions. Finally, the task leader examined the guides for all of the reviewed documents to develop a detailed outline for the review. Where she identified gaps, researchers conducted another search and review for the specific topic in question. The search protocol and review guide are included in Appendixes A and B, respectively.

Concurrent with the literature search and review, the research team also examined non-peer reviewed or "gray" literature on specific foundations and USG agencies, as well as their domestic and international health and social services initiatives. These organizations were identified variously by ASPE, by the project consultant, and by the research team during the review of literature. In a process similar to that described above, researchers compiled a database of organizations and initiatives to serve as the pool of potential case studies. Some of these cases are discussed below, but they are used as illustrative examples only, with the final case studies to be determined in consultation with ASPE.

D. ORGANIZATION OF THE REVIEW

Chapter II provides an overview of the successes and challenges that have marked the development of public and private philanthropy for health and social services in the U.S. and abroad. It focuses on the contexts, practices, and processes that appear to support successful initiatives. It also describes the challenges faced by both public and private philanthropists in planning for and implementing such initiatives, calling attention to the relative strengths and weaknesses of the two sectors. Chapter III specifically addresses research question 1 by examining how foundations and USG agencies identify needs, develop initiatives, and measure progress toward their goals. Chapter IV turns to research question 2, describing existing public-private interactions in the arenas of health and social services in a general sense, and introducing specific examples to illustrate these principles and examine potential models for future

initiatives, as indicated in research question 3. Finally, Chapter V presents an analytic framework based on the literature reviewed, which will serve as the foundation for the case studies.

II. SUCCESSES AND CHALLENGES IN PRIVATE PHILANTHROPIC AND PUBLIC AID ACTIVITIES IN HEALTH AND SOCIAL SERVICES

While many questions remain open regarding the contexts, practices, and processes that best support philanthropic and aid initiatives at home and abroad, there is some consensus in the literature about a few basic issues. These include characteristics of successful initiatives and persistent challenges in adopting best practices to achieve philanthropic goals. Reviewing these, and considering the relative strengths of private and public funders, provides a foundation for understanding the more nuanced issues of USG and foundation strategies and interactions that are the primary focus of this study and addressed in Chapters III and IV.

A. CHARACTERISTICS OF SUCCESSFUL INITIATIVES

1. Local Ownership

First—and probably foremost—policymakers, practitioners, and scholars alike agree that local "ownership" of programs and initiatives is critical to their successful roll-out, as well as their effectiveness and sustainability (HELP Commission 2007; Hudson Institute 2008; MCC 2008b). The importance of local ownership appears to hold for both public and private initiatives, and leaders in the foundation world are striving to encourage recipient buy-in and ownership through a host of strategies. For example, both the Bill & Melinda Gates Foundation and the Rockefeller Foundation have required heavy involvement from local governments, businesses, and nongovernmental organizations (NGOs) at all stages in the development of their multi-million dollar agricultural initiative, the Alliance for a Green Revolution in Africa (AGRA). Domestically, the Edna McConnell Clark Foundation (EMCF) requires that recipients of its operational grants for youth development undergo a detailed business planning process, such that participants at all levels of the organization have a stake in the successful

implementation of the grant (Balin 2003). In the public sphere, the federal government's bipartisan HELP Commission (U.S. Commission on Helping to Enhance the Livelihood of People around the Globe)—which was statutorily charged with examining how to better structure U.S. foreign aid to achieve better results—suggested as one of its 10 central recommendations that a "new business model" should focus on "building local management capacity and leadership skills" to ensure that programs are adequately adapted to and adopted by recipient nations (2007). Such ownership is also a cornerstone of the MCC approach to determining where to direct aid (MCC 2008a). While MCC's rationale is structured above all to support transparency and accountability, recipient governments must not only embrace the agency's goals, but also take the lead in developing a plan for reaching them.

2. Appropriate Technology

A second point of agreement about the conditions for successful philanthropy regards the use of technology. While the search for "silver bullets"—in nearly every area of assistance, from agriculture, to public health, to economic development—is ongoing (Kramer 2007; Sandfort 2008), there is a consensus that any technology important to an initiative must be powerful enough to justify its introduction, yet simple enough to put in place under trying circumstances (HELP 2007; Hudson Institute 2008; WHO 2008). Even in touting the importance of new technologies in shaping public-private strategies around the delivery of human services, however, the Three Sector Initiative cautioned in its report, "Working Better Together," that technology could be divisive, as it may leave users vulnerable to institutional (especially government) manipulation (Fosler 2002). In a different but related vein, Brookings Institute scholars Raj Desai and Homi Kharas have voiced skepticism about many of the newer foundation actors' "abiding faith" in technological solutions to complex social problems (2008).

This may be linked to the fact that much of the "new" foundation money comes from the technology sector. In any case, Desai and Kharas note that there is a potential for private donors to shift rapidly from one "popular" issue to the next, and that their efforts may not be large or cohesive enough to have significant impact.

3. Consideration of Scale

There long has been a tendency for foundations to focus on small-scale, innovative projects with the intent that programs will be scaled up later under local or national government leadership (Benedict 2003a; Kramer 2007; Sandfort 2008). Yet, as organizational scholar and consultant Mark Kramer notes (2007), few foundation-initiated programs have actually been scaled up by governments, and successful initiatives require a consideration of scale that goes beyond this historical pattern.

In fact, many USG initiatives are themselves quite small in scale, and gaining support for large initiatives requires a level of political consensus, will, and resources that may be difficult to achieve. Moreover, mere adoption of an initiative by government does not guarantee its successful extension to a large population. At a very basic level, the initiative itself must be scalable (which, in many instances, is related to the simultaneous power and simplicity of technology, as noted above). Functioning markets and institutions, too, typically are necessary for widespread success; while government can play a role in providing incentives to encourage broad adoption of technologies or programs, it cannot ensure that the markets will work (HELP 2007).

In the philanthropic world, these lessons also appear to be taking root. One of the most prominent recent innovations in philanthropy, "venture philanthropy"—by private funders who approach social initiatives in a manner akin to that of investors, including heavy involvement and

an expectation of results—concerns itself with scalability before almost all else (Desai and Kharas 2008). Such actors rarely engage in initiatives that they view as lacking the potential for widespread adoption. This is not to say that small-scale projects are without merit, but rather that scale is an important consideration in planning for and rolling out initiatives.

B.   PERSISTENT CHALLENGES

Despite apparent consensus by both public and private funders that certain practices support the success of philanthropic initiatives, many have not regularly been adopted. Suggested practices include measuring progress, providing reliable funding, and avoiding fragmentation of efforts. Transparency and accountability, also considered a boon to effective programming, are also sometimes given short shrift.

1.   Inadequate Measurement

Measurement of outputs, outcomes, impacts, and/or influence is a necessary—but exceedingly thorny—endeavor (HELP Commission 2007; Kaufmann and Searle 2007; Porter and Kramer 1999; Sandfort 2008). While some organizations have developed innovative approaches to measurement, many more are lacking in this respect. First, funders must decide what to measure. Measurement may seem straightforward on the surface, but it often masks complex tensions. For example, there is a tendency among foundations and some USG agencies, to focus measurement on outputs (the products of program activities) rather than outcomes (changes in participants or program targets that follow from outputs) (HELP Commission 2007; Porter and Kramer 1999). This may occur because it is much simpler to measure, for example, the number of persons served than the extent to which a person's life has improved. Some have even argued that "foundation culture" is hostile to measuring outcomes, not to mention impacts that can be causally linked to the program, which require more rigorous, costly methods as well

as practices some groups find objectionable, such as random assignment to treatment and control groups, to demonstrate. As Michael Porter and Mark Kramer point out in their seminal article, "Philanthropy's New Agenda," foundations' own internal processes provide the wrong incentives for adequate measurement: "Failure risks censure," they note, "but success adds no reward" (1999, p. 129). Similarly, bureaucratic government procedures may require monitoring of outputs for accountability purposes but rarely do they monitor outcomes with the same vigilance, or provide resources to help do so (HELP 2007, p. 92).

Even in instances where resources and support are available to measure something beyond outputs, appropriate metrics may be unavailable (Sandfort 2008), and inconsistency between those metrics, such as in the measurement of social return or social value, makes comparison across programs difficult (W.K. Kellogg Foundation 2003). Moreover, philanthropic missions— as well as many of the broader USG aid goals, such as democratization and support for civil society—often are focused primarily on influencing whole social systems, rather than the impacts on discrete individuals or communities. Metrics for such influence are, however, only in a formative stage at this time (Kaufmann and Searle 2007).

2. Lack of Reliable Funding

There is consensus in the literature that both the magnitude and consistency of funding over time is critical for the success of philanthropic and aid initiatives, but the literature also indicates that both private and public funders often are unwilling or unable to commit adequate resources. Among foundations, there appears to be a common mindset that their resources are best used for quick, responsive, and/or innovative efforts (Balin 2003; Benedict 2003a; Porter and Kramer 1999), a position which overlaps with the notion, discussed previously, that government will pick up where foundations leave off. Yet critics—from both inside and outside of the foundation

world—have voiced concern that such strategies may undercut initiatives' potential for sustainability. Moreover, inconsistency of resources can put unnecessary strain on the organizations that actually implement funded programs, diverting their attention from quality program implementation or service delivery to budgeting and management concerns (Balin 2003; Benedict 2003a; Desai and Kharas 2008).

The problem is perhaps less urgent among publicly funded initiatives, but it is not wholly absent in this area, as neither the availability of funds nor the priorities for spending are constant (HELP 2007; Kharas 2008). Brookings scholar Homi Kharas echoes the concerns described above about the burden on recipient organizations, noting that when organizations rely on multiple funders, they must direct resources to more "donor requests for studies, individual meetings with country officials, establishment of separate project management units, [and] multiple procurement practices for the same products" (p. 15). Interestingly, those in the public sector concerned about shortsightedness or lack of commitment to providing adequate resources sometimes point to foundations as potential partners in addressing the problem (USAID 2007; U.S. Department of State 2007). More often, however, attention is directed to private, for-profit efforts, like many of USAID's Global Development Alliance partnerships, to encourage sustainability (MCC 2008b; USAID 2007).

3. Fragmentation

Closely linked to resource stability, fragmentation of aid efforts is a continuing problem, as pointed out by scholars studying both public and private initiatives (HELP 2007; Kharas 2008; Porter and Kramer 1999; Sandfort 2008). While the "prevailing culture of independence among foundations" often is viewed in a positive light (see below), Porter and Kramer (1999) note that it also can impede the development of best practices in a given field, as foundations may not

communicate what they have learned to one another or to the outside world. Kharas expresses a parallel concern about public aid initiatives (2008; p. 15), and the same concern prompted the HELP Commission to make its first recommendation the development of an "integrated approach" to foreign aid, where all USG efforts would be coordinated through a single cabinet-level position and agency (2007).

4. Lack of Transparency and Accountability

Concerns about transparency and accountability have been raised with regard to public and private, as well as domestic and international initiatives. Indeed, as noted above, such matters were at the very heart of the development of the MCC and its approach to developing aid initiatives. Still, problems with transparency and accountability probably are more pronounced in the private philanthropic sector, as there often is a sense that foundation decisions are opaque or even capricious, and that both internal and external accountability measures are minimal (Guidice and Bolduc 2004; Porter and Kramer 1999). While private philanthropists are, in the words of the former president of the Ford Foundation, Susan Berresford, "managing money that involves a public trust" ("15 Minutes with Susan Berresford" 2003, p. 17), they are not accountable to the public in the same sense as USG agencies.

C. COMPARATIVE ADVANTAGES OF THE PUBLIC AND PHILANTHROPIC SECTORS

As this discussion of successes and challenges indicates, USG and foundations bring different strengths and weaknesses to their philanthropic efforts. Foundations appear to be advantaged by their independence, agility, flexibility, and ability to take risks and innovate. In contrast, USG possesses resources, influence, relatively more stringent accountability structures, and long time horizons.

1. Foundation Strengths

In their report for the World Bank on public-private partnerships, Eleanor Fink and Katrinka Ebbe (2005) sum up the comparative advantages of the private philanthropic sector: "Due to their independence and flexibility, foundations can engage in cutting edge research, move quickly to capitalize on development opportunities, test innovative ideas, and take risks" (p. 8). While foundation independence sometimes may impede communication, as noted above, it is also a significant source of strength. Put succinctly by another author, "they [foundations] alone possess significant flexible resources that can be invested without regard to public deliberations or market restrictions" (Sandfort 2008, p. 541).

The other clear advantage of foundations over government is their ability to take risks and test innovative practices (Fink and Ebbe 2005; Kaufmann and Searle 2007; William and Flora Hewlett Foundation 2008). This characteristic is linked to their relative independence and ability to act without engaging in complicated political and administrative processes, as compared to USG. Foundations are at liberty to take risks and innovate both in terms of their grantmaking processes and in their programmatic approaches. For example, in the late 1990s and early 2000s, the Edna McConnell Clark Foundation (EMCF) engaged in a deliberative review of its grantmaking strategy, which resulted in a complete organizational restructuring. The Foundation refocused its programmatic approach to include only youth development, moving away from a broader "laundry list" of program areas including poverty, child welfare, and education. The Foundation adapted their grantmaking to an "organization centered theory of change" whereby they would fund proven providers rather than programs that seemed appealing (Balin 2003). While such operational grantmaking is not entirely new, The Foundation's complete reorientation bucked a distinct trend in the foundation world and their hands-on, business

planning approach to nonprofit development is different from that of most operational grantmaking.

2. USG Strengths

While foundations can in general act more quickly and independently than government, it is important to note, as one author does, that the "magnitude of private foundation funding… is dwarfed by governments' significant investments" (Sandfort 2008, p. 541). Even the most well-funded foundations typically expend close to the minimum 5 percent of their endowment required by law of tax-exempt charities (Porter and Kramer 1999), whereas USG outlays on health and social services consistently reach into the hundreds of billions, and can be counted on to do so in the foreseeable future.

In addition to its capability of funding large initiatives, USG has the ability to commit to an initiative over the long term. With financial resources comes influence, and USG can rely on its power to persuade governments, as well as entities in the for- and nonprofit sectors, to do their part in supporting an initiative's success. In the same vein, USG has permanent, well-funded structures in place (for example, through the military or the Federal Emergency Management Agency) that allow it to act on a large scale with relative speed, when circumstances warrant it. Finally, while imperfect in many instances (HELP 2007), USG accountability structures are typically much stronger than those in the foundation sector (cf. Desai and Kharas 2008; Guidice and Bolduc 2004). This is, perhaps, the positive side of USG's relative lack of independence: Direct answerability to the public demands some degree of accountability, and in recent years USG has put great effort into developing accountability structures.

III. HOW DO FOUNDATIONS AND USG AGENCIES IDENTIFY NEEDS, DEVELOP INITIATIVES, AND MEASURE PROGRESS TOWARD THEIR GOALS?

The processes by which funding organizations identify problems, develop and implement solutions, and monitor progress appear to be influenced by diverse factors, some of which are common to both the foundation and USG sectors, while others are distinct to one or the other sector. Moreover, individual organizations may engage in innovative or noteworthy practices in each phase. This section first addresses commonalities among organizations within each sector, then details the specific organizational processes of some exemplary foundations and agencies.

A. IDENTIFYING NEEDS

In a very basic sense, both sectors recognize the same essential life cycle of an initiative, which the U.S. Department of State describes as having five steps: formulation, planning, implementation, evaluation, and renewal/termination (2008). Similarly, Kennette Benedict, former director of international peace and security at the MacArthur Foundation, maps out the life cycle of a philanthropic initiative in three stages: creation, change, and closure (2003a). She could have begun with another stage, however: "choosing" which problems to address. Indeed, she cites the selection of problems actually amenable to philanthropic intervention as one of the greatest challenges foundations face.

This contrasts somewhat with the USG position on problem selection, as government often is charged with addressing problems that will, in some sense, never be "solved" definitively—for example, national security and public health (Tarnoff and Nowels 2005). This explains the State Department's use of the term "renewal/termination" (which allows for continuation, or renewal, of initiatives) as opposed to the MacArthur Foundation's use of the term "closure." As detailed

above, foundations often approach problems with the explicit intent that government will eventually assume responsibility for the initiative; for this reason, the end of foundation involvement in an initiative may coincide with government's entry into the arena. Foundations also work in arenas that do not provide a natural fit for government infrastructure, such as leadership development or high-risk ventures. In this way they are supplementing the work of the government toward the solution of larger social problems. (It is worth noting, however, that in a few high-profile cases, this may be changing. With the recent tremendous increases in foundation resources, and the simultaneous focus among philanthropists on "results" [Renz and Atienza 2006], a few select initiatives may be poised to solve problems definitively. Perhaps the clearest example of such a case is the Bill & Melinda Gates Foundation's work on malaria.)

At a basic level, how foundations and USG agencies prioritize and decide which problems to address also depends, in great part, on their organizational missions. While foundations have been criticized for spreading their resources too thinly across a host of programmatic areas (Porter and Kramer 1999), most do specialize in just a few programmatic and sometimes geographic areas, and will consider intervening only in areas they view as germane to their interests. There is, of course, great diversity in the number and nature of programmatic areas on which foundations focus. For instance, the MacArthur Foundation's stated mission is to support "creative people and effective institutions committed to building a more just, verdant, and peaceful world" (MacArthur Foundation Web Site), which could conceivably translate into activities in almost any area of human or community development. In contrast, The EMCF focuses on "advancing opportunities for low-income youth (ages 9 to 24) in the United States," specifically through "grantmaking to provide growth and capacity-building capital to exemplary organizations that have evidence of the effectiveness of their youth services" (EMCFweb site).

The programmatic purview of federal agencies is to some extent more transparent, compared to foundations. Agencies' roles are, of course, typically articulated by public law, circumscribed by public political and budgetary processes, and further refined through on-the-record administrative actions. Still, preferences of political stakeholders can influence the process. The question of accountability to the public and the consequent systematization of processes raise a further point of contrast between foundations and USG agencies. At the beginning, when identifying problems worthy of consideration, foundations often are motivated by the personal interests and proclivities of their individual founders and/or leaders ("15 Minutes with Susan Berresford" 2003). Agency heads, in contrast, may be very influential in terms of the direction their funded initiatives take but they are less likely to drive decision-making in their agencies in the way that a single, well-funded philanthropist can shape his or her foundation's approach. The broader implication is that foundation strategies often are mapped out less explicitly than at agencies, where decision-making is defined more typically with respect to transparent chains of bureaucratic authority (U.S. Department of State 2007; cf. Porter and Kramer 1999)

As part of its goal to influence the problem identification process across USG agencies (at least among those involved in international initiatives), the Department of State's "Foreign Assistance Framework" (2007) delineates five broad objectives for all U.S. foreign assistance: peace and security, governing justly, investing in people, economic growth, and humanitarian assistance. The framework includes more specific programmatic objectives within each broader objective and highlights those viewed by the administration as most critical for the trajectory of assistance in that category. Although the framework does not delineate funding levels, the highlighted categories mark the programs that should receive greatest budgetary priority. While some agencies, such as USAID and MCC, have fairly broad programmatic portfolios, their internal bureaucratic mechanisms can delimit potential areas of involvement considerably. For

example, MCC has clearly articulated procedures whereby governments seeking to enter a bilateral aid agreement must first demonstrate their competitiveness on a host of indicators of their nation's governance, social investment, and entrepreneurial capacities.

Some have criticized the USG approach because they view it as overly fragmented—a critique typically applied to foundations. For instance, Kharas (2008) takes issue with the increasing prevalence of "vertical funds"—resources directed at a specific issue or population, such as the Global Fund for AIDS, Tuberculosis, and Malaria. With such funds, "channeled more and more through specialized agencies, dedicated to particular targets, like HIV/AIDS or malaria, instead of through traditional agencies," Kharas is concerned that there will be little support for "broad country development programs" (p. 2). The result, according to critics such as Kharas, is a complex and convoluted approach to aid, which does not capitalize on precisely those advantages unique to USG: influence, accountability, and long time horizons.

In contrast to USG foreign aid, the framework that guides the identification of problems for targeting assistance in the domestic sphere is perhaps more fragmented. As noted, elected officials and high-level appointees typically bring their own sense of agency priorities to office; these then are filtered through legislative and administrative procedures, delimiting the nature of those problems agencies are in a position to address and the methods to address them.

B. DEVELOPING INITIATIVES

In shaping the type of support they will provide, foundations and USG face several common considerations. The literature reveals foremost among these a great deal of tension around the relative utility and potential for the success of initiatives that provide program support (resources specific to a programmatic intervention) versus those that provide operating support (resources for the organization implementing a program) (Balin 2003; Huang, Buchanan, and Buteau 2006).

An oversimplification of the issue would have foundations focusing heavily on program support (given their comparative advantages in innovating and taking risks by funding cutting edge programming), whereas USG would emphasize operating support (given its superior resources and staying power). Reality, of course, is more nuanced than this characterization, and many foundations do provide operating support, even as USG funds some programs. Moreover, the approaches are not mutually exclusive; a single initiative could comprise both types of support (Balin 2003; MCC 2008b). Rather than advocating any particular approach, the literature suggests that an organization's strategy should consider how one or the other type of support dovetails with organizational objectives (Balin 2003; Porter and Kramer 1999).

Another theme in the literature that describes decision-making around the development of USG and foundation initiatives is the question of whether, and with whom, to partner. Such considerations typically are driven by the comparative advantage of the groups involved and very often center on the question of an initiative's sustainability (Fink and Ebbe 2005; MCC 2008b; U.S. Department of State 2008; W.K. Kellogg Foundation 2003). Some of the benefits that foundations, in particular, might seek from partners include technical expertise; in-country knowledge; connections to academe, the private sector, and civil society; knowledge of public policy and public institutions; and resource mobilization networks (Fink and Ebbe 2005; U.S. Department of State 2008). Similarly, USG often seeks connections and networking opportunities from partners and is especially interested in organizations and individuals who can "find markets" for an initiative; that is, who can support widespread adoption of whatever programmatic elements an initiative may offer (MCC 2008b; U.S. Department of State 2008).

The literature indicates that both private and public sector actors are keenly interested in cross-sector collaboration and developing partnerships, but obstacles exist that hinder their progress. Successful partnerships require that all parties involved understand the interests,

capacities, and approaches of the other actors (Fosler 2002). Yet a State Department study found that private sector partners felt the USG did not understand their interests and looked to them only to "fill gaps" (2008). Respondents also felt that USG was overly suspicious of private sector motives. This same study revealed that USG actors felt they were ill-equipped to deal with private sector partners and that bureaucratic structures hindered the development of partnerships. While these issues present challenges, the United Nations Foundation suggests that intermediary organizations might occupy a particularly good position for overcoming such problems and facilitating partnerships, as they "have a foot in both worlds," public and private (2003).

C. MEASURING PROGRESS

While the literature reviewed here supports the general contention that measurement remains a challenge for both federal agencies and foundations, both sectors appear to have embraced the challenge to some degree, and successes in this area are not entirely uncommon. Interestingly, both sectors appear to have moved beyond the notion of measurement as primarily a means of demonstrating accountability or impact and also are seeking to measure progress to inform their own broad decision-making processes (Kramer 2007; MCC 2008a). This tendency seems more pronounced in the private philanthropic sector, where one survey of foundation leaders revealed little evidence that evaluations were used to determine grant renewal or termination decisions (Kramer 2007; p. 15). Rather, grant programs often have critics or supporters within the organization who may influence decision-making more heavily than evaluators. The survey revealed that the most useful evaluations for foundations' purposes inform planning and implementation, as well as tracking the progress of the organizations' broader goals (Kramer 2007; cf. Guidice and Bolduc 2004; Levinger et al 2007; William and Flora Hewlett Foundation 2008). Toward these ends, the Robert Wood Johnson Foundation developed a system of

"comprehensive performance measurement" (a system of measuring progress against the foundation's theories of change and indicators of performance); the William and Flora Hewlett Foundation (WFHF) developed an "expected return metric" (a quantitative process for evaluating potential investments based on consistent metrics); and the Annie E. Casey Foundation (AECF) embraced "results-based accountability." On a much larger scale, the Bill & Melinda Gates Foundation has dedicated significant funding to the Institute for Health Metrics and Evaluation at the University of Washington for the development of data systems to support the monitoring of public health issues at a societal level. In the public arena, MCC seeks to implement "results-based management," which uses data to inform aid giving and management, even as it focuses on results; and MCC's core indicators have been used by other agencies, including USAID, to guide decision-making. Each of these will be discussed in greater detail below, but it is worth noting here that the literature suggests foundations may achieve their best successes when applying metrics at earlier points in the continuum, while USG appears to apply metrics more consistently at all stages, with emphasis on evaluation for accountability. This is illustrated by the example (presented at the beginning of this section) that the State Department's (2008) conception of an initiative's "life cycle" explicitly includes a phase for post-implementation evaluation; whereas MacArthur's (Benedict 2003a) "change" phase may imply an evaluative component that is not given the prominence it receives from USG agencies and is not necessarily linked to accountability.

D. INDIVIDUAL FOUNDATION PROCESSES AND PRACTICES

Beyond the broad sector-specific trends in decision-making discussed above, individual foundations and USG agencies often engage in planning and development processes specific to their organizations. These are addressed briefly in this subsection, as well as in Chapter V, where

we report on a few examples of organizations and initiatives that could serve as case studies. Such issues will be addressed at length in the case studies themselves.

EMCF has been cited as an example of a foundation that has engaged in a very deliberate rethinking of its approach to decision-making. In the late 1990s, the Foundation chose to move away from several broad programmatic areas (poverty, child welfare, education) to a single area (youth development). This decision was innovative and potentially effective, at least insofar as it responded to the criticism, voiced regularly in the literature, that foundations tend to spread their resources across too many areas. Moreover, EMCF's movement away from program to operating grants appears to have gone against the grain in the private philanthropic sphere. Another interesting aspect of the new The EMCF approach is that it applies strategies from the for-profit sector to the foundation's grantmaking process, including due diligence, business planning, and organizational performance tracking. Again bucking a foundation trend, The EMCF emphasizes multiyear grants to allow for the sometimes painstaking work of organizational development. Finally, the Foundation's close relationship with its grantees—including the provision of technical assistance—reflects the broader trend of venture philanthropy, where emphasis is placed on hands-on work with grantees to ensure their success. None of these strategies is innovative in and of itself, but the comprehensive shift coming from within the foundation world represents a new way of envisioning the donor-recipient relationship. This shift is responsive to some of the common criticisms of private philanthropy.

As mentioned above, a few foundations have made noteworthy inroads on tracking their own broad organizational performance. The metrics developed by the Robert Wood Johnson, William and Flora Hewlett, and Annie E. Casey foundations are innovative in that they present a new way of examining success at the foundation as opposed to the program level. The Robert Wood Johnson Foundation's system of comprehensive performance measurement is

multifaceted, and at least three aspects deserve specific mention. First, the Foundation developed a Scorecard; this is released annually and reports outputs at the foundation level, outcomes from key grantees and foundation-wide, and changes at the population level in the broad health indicators their programs seek to address. Second, the Robert Wood Johnson Foundation developed and implemented internal assessments for each of its own programmatic teams, as well as employee surveys to gauge attitudes about the Foundation's work. Third, the Foundation set up a public archive of all the data from its sponsored research. A case study of the Foundation's focused and sustained attention to organizational assessment, coupled with its willingness to make data public, points to improved focus and strategy in grantmaking, increased innovation, and better alignment of board and staff goals (Guidice and Bolduc 2004).

The William and Flora Hewlett Foundation developed its expected return metric to support the systematic selection of grantees, specifically by considering their foundation's comparative advantage in a given area, as well as the presence of other funders. Expected return is calculated by multiplying the *benefit* (of an intervention under optimal conditions; usually drawn from extant data), times the *likelihood of success* (calculated internally), times the *foundation's contribution* (adjusted for varying roles in each situation), divided by the program's *total cost*. The metric is fairly straightforward, although data for each input may be of varying availability and quality. Because expected return considers other funders in the equation, the consistent use of such a metric by more foundations could support sector-wide improvements in effectiveness.

The Annie E. Casey Foundation's results-based measurement approach was developed through an iterative process—not unlike the Robert Wood Johnson Foundation's development of comprehensive performance measures—with heavy involvement from foundation leaders and staff. The Annie E. Casey Foundation's process is also noteworthy because it involved grantees—a step taken intentionally to gain support for new reporting requirements. Identifying

performance measures required the Foundation to articulate the strategy for each program area with great precision. As one leader at the Foundation put it, "In order to measure how we were doing, we needed to be as clear as we could possibly be about what we intended to do" (Kaufmann and Searle 2007, p. 7). As such, the process proceeded, to some extent, in reverse order "with the concept of measurement driving [their] thinking about what results should be" (ibid.). The system considers "results" in three categories: *impact* (the direct effect of a grant on beneficiaries), *influence* (the effect on behaviors of people not directly touched by the grant), and *leverage* (additional support beyond the Annie E. Casey Foundation's contribution that the grant built or attracted). The Annie E. Casey Foundation's framework does not allow the Foundation to overcome some of the challenges (already cited) associated with measurement—for example, availability and consistency of measures— but the process appears to have strengthened program strategy and enhanced thinking about different levels of performance. For example, in the Foundation's Education Program, the process resulted in "a formal expression of the rationale behind the results that the K-12 Education Program sought." This included a description of their vision for core results; identification of three critical barriers to achieving the vision; elaboration of the consequences of these barriers; and articulation of the specific role of the Education Program in overcoming them, which also spelled out the results for which the Program would be accountable (Kaufmann and Searle 2007, pp. 7-8).

The Bill & Melinda Gates Foundation has sought to address the challenge of measuring progress, not merely at the foundation level, but at the societal level as well. With an initial grant of $105 million in 2007, Gates helped to establish the Institute for Health Metrics and Evaluation. The Institute works to develop and compile data on five areas of public health: health outcomes, health services, resource inputs, metrics for decision-making, and evaluation. The purpose of IMHE's work is "to put as much information as possible about health in the public

domain in a way that is useful, understandable and credible to enable policy-makers and decision-makers to craft the best policies with the highest benefit for their own context" (IHME web site). The institute has recently published statistics that challenge the reporting of the World Health Organization (WHO), which as a public agency could be prone to the interference of politics in its data gathering and reporting (The Seattle Times, April 9, 2008).

E. USG AGENCY PROCESSES AND PRACTICES

Probably the most well-known and well-developed process by which a USG entity identifies needs, develops initiatives, and measures progress is MCC's process to select, implement, and evaluate bilateral aid agreements. In its core elements, the MCC approach directly embraces many of the characteristics of successful aid initiatives identified in the literature, including those that remain a challenge for both the public and private sectors. "Local ownership" of MCC initiatives is supported explicitly through the requirements of the application process, as well as recipient countries' role in providing performance assessment frameworks and conducting evaluations with input from local institutions. MCC applies relatively consistent and well-developed metrics throughout all phases of its decision-making—such that other agencies often rely on MCC indicators (USAID 2007; U.S. Department of State 2007). These metrics have been developed independently by third parties, such as the World Bank, the United Nations, and other international agencies, lending the process both credibility and transparency in the international sector.

MCC agreements are multiyear, with clear requirements for continuation, so funding is relatively reliable once a nation enters into a compact. Broad country coverage and the potential for applying successful initiatives in other countries also are considered in evaluating potential compacts, which speaks to the importance of scale in MCC's approach. A prime motive for long-

term funding is the idea that much of what is undertaken by MCC compacts can be considered reform, and so often require structural and policy changes. For example, the MCC-World Bank collaboration in Mozambique's water and sanitation sector required changes in the legal authority for local sanitation services (MCC 2008b). These require time for changes to become effective, and resources and technical support to ensure that the changes are successful. The MCC is committed to making these foundational investments, which require a willingness to focus on long-term objectives. MCC's aid, however, is tied to performance on a yearly basis, which suggests that the achievement of shorter-term objectives is still necessary. Indeed, one of the most common critiques of MCC is that it has disbursed aid too haltingly (Chassy 2005). As it continues to support current compacts and establish new ones, MCC may need to balance a demand for quick results with investments in the broader goals of prosperity and stability.

Another example comes from USAID's recent reform of its policy framework. According to USAID, studies of USG foreign aid often have highlighted the government's overarching agendas and the lack of coherence in goals across aid programs to meet those agendas (2006). The numerous accounts responsible for foreign aid have been isolated, with different standards and methods of measuring progress. To address this issue and provide guidance and coherence in the application of assistance, the USAID now uses a policy framework based on five core goals for foreign aid: promoting transformational development, strengthening fragile states, supporting strategic states, providing humanitarian relief, and addressing global issues and other special concerns. For each goal, the framework provides guidance on program planning, resource allocation, and evaluation. The framework builds on the concept that different goals require distinct approaches to formulation and implementation, and also incorporates USAID's desire to see more public-private partnerships and other new models of aid delivery as part of its initiatives. The five goals also reflect new directions in foreign aid post-9/11, including the

support for fragile states and key allies, and the identification of global concerns, such as HIV/AIDS, which have broad impacts.

To further increase the effectiveness of foreign aid and harness the strengths of various agencies within USG, the office of the Director of U.S. Foreign Assistance has piloted a new strategic planning process that brings together those USG agencies delivering assistance within a country to collaborate on the top priorities for that nation (Greene 2008). The agencies collectively produce a Country Assistance Strategy document that outlines the top four or five assistance priorities for that country, taking into account the relative strengths and opportunities that each agency brings to the table and the particular needs of the country in question. This process theoretically minimizes the conflict of goals that can occur when multiple agencies are involved, reduces overlapping efforts, and enables the transfer of knowledge. As of 2008, the process has been piloted in 10 countries. This integration of agency efforts is not surprising, given the 2006 creation of the central Director of Foreign Assistance to oversee foreign aid, but it is not certain whether this process will facilitate a consolidation of the accounts and programs funded with USG aid or an increase in the number of USG agencies involved in international development. It is also unclear what role private organizations will play in this process, although it would make sense to include their efforts for consideration, since some large foundations have as much of a presence in some countries as USG agencies.

In the domestic arena, the Centers for Disease Control and Prevention (CDC) have developed a Framework for Program Evaluation "to ensure that amidst the complex transition in public health, [CDC] will remain accountable and committed to achieving measurable health outcomes" (Milstein and Wetterhall 1999). The framework is a "practical, nonprescriptive tool," designed for use by public health professionals (rather than professional evaluators), and it encourages the integration of evaluation practices into program operations. Although the

framework is focused on the evaluation of individual programs, it is structured to allow CDC to make comparisons across programs. By attempting to build consistent, high-quality evaluation into all of its programs, the CDC hopes to employ this framework to support agency-wide planning and program development, as well as further evaluation.

IV. WHAT IS THE NATURE OF EXISTING USG-FOUNDATION INTERACTIONS ON INTERNATIONAL AND DOMESTIC HEALTH AND SOCIAL SERVICE INITIATIVES?

The interactions around philanthropic initiatives, which occur between the federal government and private foundations, take many forms. It is helpful, however, to attempt some broad categorizations of these interactions, and the literature offers several ways to think about them. Taken together, two such frameworks portray a kind of continuum from minor interaction to intensive collaboration, also calling attention to circumstances where the relationship between USG and foundations is nonexistent, or even adversarial. In addition to shedding light on the important dynamics in USG-foundation interactions in this review, these conceptualizations also can inform case study selection and analysis.

In a theoretical article, public affairs scholar Jodi Sandfort (2008) conceptualizes the role of foundations specifically with respect to their relationship vis-a-vis the federal government. She sees the three main categories of interaction as (1) complementary, where the two entities work together in some way; (2) supplementary, where foundations explicitly seek to act in areas where USG is not acting; and (3) adversarial, where the foundation attempts to move public policy in a particular direction through an advocacy stance (which may or may not be as conflictive as the term "adversarial" typically implies). Adding nuance to the "complementary" category of interaction, it is useful to consider former MacArthur Foundation leader Kennette Benedict's (2003b) conceptualization of the typical ways in which foundations collaborate with each other. These ways include (1) affinity groups to share information, (2) federations to align resources, and (3) consortia to pool resources and govern projects. Applied to government-foundation interactions, we reconceptualize these three types as communication, coordination, and collaboration.

The center panel of Figure IV.1 depicts this typology of USG-foundation interaction. As the arrows indicate, a single initiative may involve both supplementary and adversarial actions, or evolve from one to the other. Either of these types could also eventually develop into complementary action. In contrast, complementary action is not likely to evolve into supplementary or adversarial action. An important consideration in all types of USG-foundation interaction is the degree to which the interaction is intentional or incidental. The top panel in the figure calls attention to the life cycle of an initiative, as articulated by the State Department (2008) and discussed previously.

The bottom panel in Figure IV.1 presents four key dimensions that determine the shape of USG-foundation relationships, which arise through the combination of Sandfort's and Benedict's frameworks. In very general terms, these include the respective levels of communication, resources, organizational priorities, and decision-making for the various institutional actors. At the most basic level, different models of interaction involve different amounts and types of communication between organizations from the respective sectors. Communication may, for example, be frequent or infrequent, direct or indirect, collaborative or adversarial, and it may ebb and flow over the course of an initiative. Second, it is important to consider the extent to which the parties actually contribute resources to the endeavor, as well as the relative size of their contributions, and the proportion of an initiative's total costs that are met by the various funders of interest.

Figure IV.1

Conceptual Framework for USG-Foundation Decision Making, Implementation, and Interaction
around Philanthropic Initiatives

Initiative Life Cycle				
Formulation Identify need or problem; gauge importance	Planning Select intervention approach, technology	Implementation Role of providers, advocates, government	Evaluation Define outcomes and impacts, develop or select metrics	Renewal/ Termination Wind down sustain, or scale up

Interaction Typology

SUPPLEMENTARY ACTION

ADVERSARIAL / ADVOCACY ACTION

COMPLEMENTARY ACTION

Communication ⟶ Coordination ⟶ Collaboration

Characteristics of Decision Making, Implementation, and Interaction

Communication	Resources	Priorities	Decision Making
• How much communication takes place and at what level of the organization? • What is the nature of communications: direct/indirect; collegial/ adversarial; etc.	• How much is each party committing? • What is the relative size of each organization's contribution? • What proportion of total program cost are covered?	• To what degree is the initiative an organizational priority? • To what extent do the priorities of the different organizations match up	• To what extent is decision making shared or not? • At what level and on what content are the different parties making decisions?

Related to the question of resources, another dimension of interest is the extent to which the

issue or initiative is an organizational priority for the stakeholders involved. Such concerns may

influence the organizations' levels of involvement, their commitment to the initiative over time,

and their willingness to interact with other organizations. Finally, decision-making around an

initiative is perhaps the most complicated dimension in conceptualizing USG-foundation

interactions. Salient questions include the level of decisions being made by the different parties (for example, determining broad goals versus making "brass tacks" implementation decisions); the content areas of the parties' decisions (for example, drawing on programmatic expertise versus policy know-how); and the degree to which decision-making authority is shared or not.

Below we present examples of several different types of USG-foundation interactions around health and social services endeavors in the U.S. and abroad. We focus on supplementary and complementary activities, as these are more likely than adversarial interactions to provide models for deliberate partnering activities in the future. Each example calls attention to several of the conceptual issues presented in Figure IV.1.

A. SUPPLEMENTARY ACTIVITY

In the philanthropy sector, foundation efforts are generally considered supplementary to the work of government because of relative funding levels. In theory, USG could supplement foundation activities, but this is probably unlikely in practice. This is not to imply temporal order, however: foundations' supplementary activities may and often do precede USG intervention in a given arena. Indeed, some foundations pursue an active strategy of involvement in areas they view as neglected or unrecognized by government (Benedict 2003a). These include, for example, large organizations, such as MacArthur and Gates, as well as small groups, such as Ashoka.

The MacArthur Foundation also seeks explicitly to act in areas where it views itself as having a comparative advantage, often resulting in a supplementary relationship to USG efforts. Currently, MacArthur focuses on three very broad issue areas: social justice, environment, and world peace. According to an inside observer, "MacArthur would like to position itself as a leader in a new grantmaking and policy domain, so the choice of an area will likely lead the

Board to favor those where few other public or private donors are operating" (Benedict 2003a). This same dedication to leading new efforts and affecting policy change sometimes also casts the MacArthur Foundation in an adversarial or advocacy role. A prominent example of such interactions vis-a-vis the federal government can be found in MacArthur's conservation and biodiversity initiatives. When the Foundation launched the World Environment and Resources (WER) program in 1987, the scientific community had not yet developed a consensus about the importance of biological diversity, and the issue was "just beginning to emerge in public and governmental policy circles." MacArthur invested heavily in this arena and, according to the same inside source, has encouraged government and other funder activity. Of course, since MacArthur acted independently on WER, decision-making for the initiative fell solely to MacArthur.

Similarly, the Bill & Melinda Gates Foundation's Global Health Program (GHP) targets "diseases and health conditions that cause the greatest illness and death in developing countries, yet receive little attention and resources" (Gates web site). The Bill & Melinda Gates Foundation views GHP as filling the large and urgent gaps in public health worldwide. Again, this supplementary role can have advocacy components, which the Foundation views as necessary "to accelerate progress against the world's most acute poverty." Whereas MacArthur tends to use the language of leadership—that is, explicitly placing the Foundation on the cutting edge of important social issues that may come slowly to the fore in the public consciousness—Gates tends to emphasize its initiatives' potential for high and quick impact on problems it gauges to be addressed inadequately by other organizations.

Ashoka bills itself as "the global association of the world's leading social entrepreneurs." This relatively small public foundation's activities can also be viewed as supplementary to the efforts of USG; however, here the difference is not so much in the programmatic area of

investment but in the model of social change. In a very general sense, public development aid often relies on a top-down theory of change, with USG funding typically directed toward the governments of developing countries or relatively large NGOs. (This may be changing, particularly in the domestic sphere, as illustrated by the federal push for increased contracting with small faith-based and community organizations.) Ashoka's model of social change, on the other hand, works through individuals more than organizations, and from the bottom-up. Ashoka's main activity is identifying, funding, and supporting social entrepreneurs—individuals who they believe can make a difference in addressing social problems. Ashoka identifies "changemakers" with new ideas and provides these entrepreneurs with the necessary support to increase the scale of their interventions. With relatively few resources, the foundation nevertheless is prominent in global philanthropy because of its innovative approach and ability to leverage other resources.

B. COMPLEMENTARY ACTIVITY

The spectrum of complementary interactions between USG and foundations is broad, and there is variability in the order of the respective sectors' entry into the field. The dimensions previously discussed for their salience to the shape of USG-foundation interactions—communication, resources, organizational priorities, and decision-making—also are more significant to complementary interactions than to supplementary activities.

1. Communication

Among the models of complementary activities, the communication model (what Benedict [2003b] describes as "affinity groups") occupies the lower or less intense end of USG-foundation interaction. Here, organizations from both sectors communicate about an issue, but are not involved directly in addressing the problem together. Such interactions typically see an agency or

foundation acting in a "convening" role, bringing stakeholders together to discuss the problem and potential avenues toward solutions. The Clinton Global Initiative is a prominent example of a foundation bringing together stakeholders rather than directly implementing projects. As the foundations website describes it, "the Clinton Global Initiative facilitates cross-sector partnerships that, in turn, create and carry out projects of their own choosing." Clinton Global Initiative participants may come from USG and other governments, foundations, for- and nonprofit organizations, universities, or NGOs.

2. Coordination

Moving toward more intense USG-foundation interaction, the coordination model (described by Benedict [2003b] as "federations") occupies the middle part of the spectrum of complementary activities. An example of such deliberate alignment of resources with separate decision-making structures can be seen in the West African Seed Alliance. A public-private (for- and nonprofit) partnership, the West African Seed Alliance's goals are the development of affordable, high-quality seeds for use by small farmers and the development of business networks to support access to such seeds across five West African nations. As part of its "Global Development Alliance," USAID has partnered with the Alliance for a Green Revolution in Africa (AGRA web site) on this five-year initiative. AGRA itself is probably more aptly described as a fully collaborative effort (comparable to those detailed below), at least with respect to the founding organizations, which include the Gates and Rockefeller foundations, as well as the five West African governments in the Alliance. With respect to USG involvement with the Bill and Melinda Gates and Rockefeller foundations via AGRA, however, the relationship is probably more accurately understood as a coordination of efforts. While the broader AGRA initiative has received hundreds of millions of dollars from the foundations, the

West African Seed Alliance's resources will total just $61 million over five years, with USAID committing $6.1 million. USAID's role is very limited, relative to Gates and Rockefeller, with the agency responsible primarily for technical and policy decisions directly affecting the roll-out and implementation of the Alliance's activities on the ground in Africa. The foundations, on the other hand, set the broad AGRA agenda and determine how the West African Seed Alliance fits into it.

In contrast to AGRA, USG agencies are taking the lead in the multibillion dollar President's Emergency Plan for AIDS Relief (PEPFAR) initiative. Several of the largest and most influential foundations are also heavily invested in HIV/AIDS initiatives. For example, the Bill & Melinda Gates Foundation has allocated significant funding to the search for an HIV vaccine. PEPFAR, on the other hand, provides funding for increased antiretroviral treatments, as well as prevention efforts. Some of this work is coordinated through the Global Fund to Fight AIDS, Tuberculosis, and Malaria, but USG and foundation strategies still are developed and pursued independently.

3. Collaboration

The West African Water Initiative is a good example of this next and highest level along the continuum of USG-foundation interaction. The Initiative is a 13-member partnership primarily funded by the Conrad N. Hilton Foundation and USAID. The partnership, founded in 2002, addresses issues of safe and adequate water supply, good sanitation, and improved hygiene in Ghana, Mali, and Niger. The West African Water Initiative views itself as a potential model for future collaborations between the public and private sectors. It is a particularly interesting example because the partnership has engaged in decision-making processes that deliberately reflect the strengths and weaknesses of the collaboration, prompting periodic changes to improve the effectiveness of the partnership. Hilton has committed more than $19 million to the Initiative

over 6 years, while USAID investment is about $6 million over four years. Other partner contributions total $18 million.

Initially the West African Water Initiative was a loose partnership that avoided building a new organizational structure to oversee the collaboration. With time, however, the Initiative has added more governance structures to facilitate collective action and ensure that the partnership produces "results that are greater than the sum of the individual Partner effort" (Doyle and Corliss 2006, p. 2). While the West African Water Initiative has not become a grantmaking body (grants are still distributed separately by the Hilton Foundation and USAID), there is now a greater emphasis on collective action.

While the independence of both public and private actors is preserved in the West African Water Initiative partnership, other public-private collaborations involve the creation of a new entity with decision-making and funding authority. This is true of the Global Alliance for Vaccines and Immunization (GAVI Alliance), a large partnership effort to increase access to immunizations in the developing world. The Bill & Melinda Gates Foundation is a founding partner of the GAVI Alliance, but the Alliance also receives significant funding from USG, as well as the governments of other developed nations. The GAVI Alliance follows the partnership model, where donors pool resources, with the Alliance itself governing the project and allocating funds. This partnership model ensures a unified approach, but individual donors do sacrifice autonomy.

V. IMPLICATIONS FOR POTENTIAL CASE STUDIES

Systematic, in-depth analysis of cases from the public and private philanthropic spheres will improve understanding of the challenges to coordination organizations face and the practices they use to overcome them in health and social services initiatives in the U.S. and around the world. The study's next task is to identify potential case studies and recommend those for selection. Here we suggest issues of focus for the case studies that will influence the selection of specific cases, and the structure of the case studies.

The broad findings and specific examples of USG-foundation interactions presented here, coupled with the conceptual framework discussed previously, suggest that much can be learned from a more detailed examination of different initiatives and various models of interaction. As noted, the study team is developing a database of USG agencies and private foundations engaging in philanthropic initiatives, as well as a database of the initiatives. In considering potential case studies, the research team is examining organizations and initiatives with respect to the various elements presented in Figure IV.1. Organizations and initiatives that exhibit innovative approaches toward any of these elements are of special interest.

Examining specific philanthropic initiatives could be a fruitful way to understand how foundations and USG make decisions about the concrete matters before them. For that reason, it would be useful to select cases that are far enough along in their "life cycle" to provide information on at least three of the five stages presented in Figure IV.1. Launching an initiative requires organizations to define the scope of the problem and consider their approaches. Both the decision to interact with other institutions and the decision to act independently will be important to consider in our case study analysis. It will be helpful as well to examine the perceived incentives and disincentives to partnering, as well as the roles of different stakeholders (for

example, intermediaries) in forming partnerships. Following the life cycle of an initiative can highlight innovative approaches applied at any stage in its development, potentially shedding light on the adaptability of the strategic approach to other organizations and/or other circumstances. Case studies can also address whether organizations are planning for an initiative's conclusion by considering issues of withdrawal strategies and sustainability.

Case studies may also be selected to illustrate and explore the typology of public-private interaction presented above. Examples of both supplementary and complementary efforts by USG and foundations could reveal some of the practical considerations involved in the different types of interaction and may serve to illuminate the circumstances under which a given model might be most appropriate. Since complementary interactions cover a broad spectrum of activities, from communication to collaboration, we will attempt to include case studies with varying levels of interaction.

At every level of interaction and throughout the life cycle of an initiative, it will be helpful to consider the four key dimensions that determine the shape of the relationship: the level of communication between partners, the commitment of resources by each partner, the organizational priority that each partner places on the initiative, and the ways decision-making is distributed. The case studies will seek to elucidate some of the strengths and weaknesses of different partnership models, and perhaps suggest where different models of cooperation may be the most effective by considering organizations and initiatives across the continuum of USG-foundation interactions.

In addition to the issues presented in Figure IV.1, the case studies will be designed to gather information on issues revealed through the literature review as critical for the success of philanthropic endeavors. For instance, case studies can examine the ways in which funding organizations seek to encourage recipient buy-in and local ownership. They can also investigate

the use of technology and an organization's consideration of the scale of an intervention and its potential for broad impacts.

This review highlights other aspects of successful interventions that often challenge funding organizations, such as adequate measurement, reliable funding, fragmentation, transparency and accountability, and the need for impact evaluation. Impact evaluation plays a crucial role in understanding what works, yet outcome measurement is limited. The case studies will seek to investigate the limitations that prevent more impact analysis and highlight funding organizations that use an innovative approach to measurement and evaluation. The case studies can also gather information on the ways in which funding patterns influence perceptions and organizational practices. With the growth in the number of philanthropic actors, the potential for aid fragmentation increases. The case studies will explore how USG and foundation actors view such fragmentation, and explore their thinking about more integrated approaches to philanthropy. A final goal of the case studies should be to disentangle the challenges to transparency and accountability in philanthropic decision-making processes.

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APPENDIX B.A

APPROACH TO LITERATURE AND DOCUMENT REVIEW

APPENDIX B.A
APPROACH TO LITERATURE AND DOCUMENT REVIEW

Sources
- Journals
  - *Nonprofit and Voluntary Sector Quarterly*: premier academic journal in the field
  - *Stanford Social Innovation Review*: top practitioners' journal
  - *Chronicle of Philanthropy*: comprehensive periodical
  - *Harvard Business Review*: general source; quality case studies
  - Sector- or program-specific journals as appropriate (e.g., *American Journal of Public Health*, *Social Science and Medicine*, *Journal of Infectious Diseases*)
- Academic centers
  - Center on Philanthropy, Indiana University
  - Center for Social Innovation, Stanford
  - Hauser Center for Nonprofit Organizations, Harvard
  - The Center for Public & Nonprofit Leadership, Georgetown
- Organizations
  - Agencies
  - Foundations
  - Others:
    - Consortiums (e.g., Council on Foundations, Grantmakers for Effective Organizations)
    - Intermediaries (e.g., United Nations, World Bank)
    - Think tanks (e.g., Hudson Institute, Brookings Institute, Urban Institute, Aspen Institute)

Program/Topic Areas (not exhaustive)
- General: global philanthropy, public-private partnerships, government-nonprofit relationships (international/domestic)
- Programmatic:
  - General: health, human services, environment, education, development, relief
  - Specific: to emerge as focus is narrowed
- Processes: strategic planning, performance measurement, evaluation
- Innovations: venture philanthropy, social entrepreneurship
- Initiative/organization names: PEPFAR, Ashoka, Rockefeller, etc.

APPENDIX B.B

DOCUMENT REVIEW GUIDE

APPENDIX B.B
DOCUMENT REVIEW RUBRIC

Please note INNOVATIVE approaches in all categories, as appropriate. Include page numbers for reference.	
Citation	
Overview	
"Lay of the land": Successes, challenges	
Comparative advantage (USG/fdns)	
USG-foundation interactions	
Strategic planning/Decision-making	
Metrics (for identifying problem, planning, gauging outcomes/impacts)	
Potential case study/studies	
Additional observations	

APPENDIX C

U.S. GOVERNMENT AND FOUNDATION HEALTH AND SOCIAL SERVICES SPENDING

U.S. GOVERNMENT AND FOUNDATION HEALTH AND SOCIAL SERVICES SPENDING

In 2006, total individual giving by individual Americans to charitable causes was about $246 billion, with about $113 billion devoted to causes in health and social services (Giving USA, 2007).[1] Similarly, the Foundation Center estimates that American foundations made grants totaling $39 billion in 2006, of which roughly $28 billion was spending on programming in the health and social services areas. In addition to these private donations, we estimate that in 2006, Americans provided another $720 billion to meet health and social services needs through grant and assistance programs operated by the U.S. government (excluding large entitlement programs such as Medicare, Social Security, and Medicaid). Unlike individuals, foundations and the USG operate large, carefully planned and budgeted programs, in order to address specific needs among targeted groups or geographic areas.

While estimates of total philanthropic spending provide a rough method of comparing philanthropic giving by different components of society, this Appendix examines the distribution of foundation and USG spending, consistent with the aims of this study. Distributions are examined both geographically and across six programmatic sectors within health and social services: development, education, environment, health, human services, and relief. Identifying areas where foundations and USG currently focus their resources establishes a context for analyzing foundation-USG interactions. Specifically, given ASPE's interests, MPR used available data to answer the following research questions:

1. What is the level of foundation and USG funding on international health and social service initiatives? What types of problems does it address and in what geographic regions?

2. What is the level of foundation and USG funding on domestic health and social service initiatives? What types of problems does it address?

This Appendix describes data sources used to address these questions and includes a few caveats about interpreting the spending estimates (Section A). We then describe foundation spending (Section B), followed by USG spending (Section C). In both sections, reflecting the overall study's emphasis on international initiatives, international spending is examined first,

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[1] Giving USA estimates 2006 individual giving using adjusted data from five sources: data on itemized charitable deductions from the Internal Revenue Service (IRS), survey data on giving by individuals that do not itemize their deductions, information from large disaster relief organizations, press reports of large donations, and estimates of individual charitable bequests. Given the limitations that result from sampling and estimating changes over time, Giving USA numbers should be viewed as approximate. As the foundation and USG spending estimates in this Appendix only include health and social services spending, MPR sought to isolate individual giving in those areas. This was done by subtracting estimated individual giving to religion ($96 billion), arts & culture ($8 billion), and foundations ($30 billion) from total individual giving.

beginning with spending by sector and then spending by international geographic region. Domestic spending is presented by sector only. Spending patterns across sectors and regions are then addressed in Section D, followed in Section E by a brief summary.

A. DATA

No single source provides comprehensive and relevant data on domestic and international spending for foundations and USG. Therefore, three different sources were used to estimate funding levels (Table A.1). Data from the Foundation Center were used to estimate both international and domestic spending by U.S.-based foundations. Data from the Organization for Economic Cooperation and Development (OECD) and from the Federal Assistance Award Data System (FAADS) were used to estimate international USG spending and domestic USG spending, respectively.[2]

TABLE A.1

DATA SOURCES SELECTED FOR OVERVIEW OF FOUNDATION AND
USG PHILANTHROPIC SPENDING

	International	Domestic
Foundations	Foundation Center Grants Database	Foundation Center Grants Database
USG	Official Development Aid (ODA) data, compiled by OECD's Development Assistance Committee (DAC)	Federal Assistance Award Data System (FAADS)

For domestic and international spending, data were broken into six domains or sectors: (1) development,[3] (2) education, (3) environment, (4) health, (5) human services, and (6) relief. Funding outside of these domains was excluded from the estimates. Funding levels are presented for several recent years: 2002, 2004, and 2006—the most recent year for which data are available. For international funding, data were also broken out by geographic region, using the World Bank's regional grouping.

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[2] The United States Agency for International Development Greenbook also presents information on USG philanthropic spending. However, the OECD Official Development Aid (ODA) data are more appropriate for the study because they classify spending by purpose, enabling a classification by sector. As the Greenbook website reports, "The only authoritative source for U.S. government assistance by purpose is the OECD Development Assistance Committee (DAC) Development Database on Aid from DAC Members." http://qesdb.usaid.gov/gbk/faq.html [accessed October 12, 2008].

[3] For foundations, development spending includes spending on community development, economic development, agricultural development, civil society development, and so on. For USG, development includes spending on government and civil society, social infrastructure and services, and economic infrastructure, including transportation, agriculture, forestry and fishing, industry, mining, and so on.

Through literature searches and conversations with experts, we identified each of these sources as containing the most comprehensive and relevant information about USG and foundation philanthropic spending. Although these data represent the best publicly available information to characterize foundation and USG philanthropic spending, several limitations are important to note:

- The Foundation Center data include all grants of more than $10,000 made by the 800 largest foundations (as measured by annual giving) and a few hundred smaller foundations. The Foundation Center estimates that these grants represent roughly half of all foundation spending each year. The distribution of large grants by the largest foundations reported here may differ somewhat from that of smaller grants and foundations.

- A small but unknown fraction of the grants listed in the Foundation Center grants database are classified by the recipient organization's sector and geographic location rather than the sector and location of the actual programming funded by the grant. Hence there is some misclassification of foundation spending.

- Whereas Foundation Center international spending data include spending in all countries outside the United States, OECD data include only USG international spending on developing countries. To maximize comparability, we have included only spending in developing countries for the presentation of foundation regional spending (MPR obtained spending data for foundations at the country level). Thus the regional presentation of spending is consistent for both USG and foundations. However, for foundation total international spending and spending by sector, we have included spending in all countries because some spending classified as occurring in developed countries actually aims to benefit developing countries (such as grants to the World Health Organization [WHO] for research on tropical diseases).

Thus, differences between foundation, USG international, and USG domestic spending reported in this memo reflect (1) differences in actual spending and (2) differences in how each data source collects information, defines and categorizes spending, and reports the information. This conflation between actual and reported spending means that although our data sources are the best available, the estimates we present imprecisely answer the research questions posed above. Despite this limitation, we are confident that the data and approaches we have used provide useful (and heretofore unavailable) contextual information.

B. FOUNDATION FUNDING

The Foundation Center grants database contains all grants greater than $10,000[4] that were made by a sample of more than 1,000 independent foundations, corporate foundations, operating foundations with substantial grant-making programs, and community foundations.[5] All of the 800 largest foundations (based on annual giving) are included in the sample, as are the 10–15 largest foundations in each state and other foundations that report their spending to the FC.

Most foundation spending occurs in the domestic arena (Table B.1).[6] In 2006, 75 percent of total foundation philanthropic spending was domestic. However, the share of foundation funding devoted to the international sphere almost doubled from 2002 to 2006. This growth was due to declines in real domestic spending over the period as well as to increases in real international spending.[7]

TABLE B.1

SUMMARY OF FOUNDATION PHILANTHROPIC SPENDING, 2002–2006 (IN MILLIONS 2006 $)

	2002		2004		2006	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
International (all countries)	1,685.9	13	2,487.6	21	3,413.8	25
Domestic	11,070.7	87	9,493.8	79	10,382.6	75
Total[8]	**12,756.6**		**11,981.4**		**13,796.4**	

Across sectors, the largest share of international foundation spending was devoted to health, ranging from 46 percent in 2002 to a high of 63 percent in 2004 (Table B.2). Real spending on health grew by 130 percent from 2002 to 2006 (percentage not shown).

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[4] The FC grants database does include some grants with awards between $1,000 and $10,000. Typically these are grants that the FC has identified through a project or grants that are attached to a grants list filed electronically by the largest foundations.

[5] Roughly three-quarters of the foundations in the sample are independent foundations. The database does not include spending by public charities. Unlike foundations, public charities typically raise funds from multiple sources (including foundations), often provide services, and may receive revenues for services provided. Some well-known public charities include the Clinton Foundation and the Ashoka Foundation.

[6] All presented foundation and USG spending is programmatic and excludes operational spending.

[7] All dollar amounts presented in this memo have been adjusted for inflation using the most widely used measure of inflation, the Consumer Price Index for All Urban Consumers (CPI-U).

[8] These amounts only include grants in the Foundation Center grants database.

FOUNDATION INTERNATIONAL PHILANTHROPIC SPENDING BY SECTOR, 2002–2006
(ALL COUNTRIES; IN MILLIONS 2006 $)

	2002		2004		2006	
Sector	Amount	% of Total	Amount	% of Total	Amount	% of Total
Development	420.2	25	425.9	17	798.4	23
Education	190.6	11	174.4	7	245.2	7
Environment	173.5	10	178.9	7	286.1	8
Health	779.7	46	1,558.1	63	1,796.4	53
Human Services	97.4	6	96.9	4	150.7	4
Relief	24.4	1	53.2	2	136.9	4
Total	**1,685.9**		**2,487.6**		**3,413.8**	

Domestically, however, spending devoted to health represented only a quarter or less of foundation philanthropic spending, with education representing the largest domestic sector (Table B.3). Total real domestic spending fell by six percent from 2002 to 2006 (percentage not shown), and spending fell in all sectors except health. In contrast, spending on all international sectors increased, often substantially; development spending almost doubled between 2002 and 2006, and spending on relief more than quintupled (albeit from a low base).

TABLE B.3

FOUNDATION DOMESTIC PHILANTHROPIC SPENDING BY SECTOR, 2002–2006 (IN MILLIONS 2006 $)

	2002		2004		2006	
Sector	Amount	% of Total	Amount	% of Total	Amount	% of Total
Development	1,218.6	11	1,232.7	13	1,107.9	11
Education	4,526.5	41	3,703.1	39	4,060.9	39
Environment	692.5	6	550.6	6	637.4	6
Health	2,492.5	23	2,195.1	23	2,598.1	25
Human Services	1,960.4	18	1,744.9	18	1,868.5	18
Relief	180.3	2	67.4	1	109.8	1
Total	**11,070.7**		**9,493.8**		**10,382.6**	

Foundation international spending in the developing world was heavily concentrated in sub-Saharan Africa in 2006—nearly half of all spending was in this region (Table B.4). This represents a very substantial increase—in total dollars and share of spending—from 2002. In that year, spending in sub-Saharan Africa constituted 29 percent of all spending in the developing

world, slightly less than the share of spending directed to Latin America and the Caribbean (30 percent). There was a significant overall increase in international spending in developing countries (46 percent, not shown) from 2002 to 2006.

TABLE B.4

FOUNDATION INTERNATIONAL PHILANTHROPIC SPENDING BY REGION, 2002–2006
(DEVELOPING COUNTRIES, IN MILLIONS 2006 $)

Region	2002		2004		2006	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
East Asia and the Pacific	106.9	17	99.0	17	129.5	14
Eastern Europe and Central Asia	52.4	8	46.6	8	15.9	2
Latin America and Caribbean	195.7	30	112.0	19	163.6	17
Middle East and North Africa	17.7	3	15.6	3	42.4	4
South Asia	83.4	13	123.7	21	121.6	13
Sub-Saharan Africa	188.3	29	199.7	34	470.1	50
Total	**644.4**		**596.6**		**943.1**	

C. USG FUNDING

Data on USG philanthropic spending were obtained from two different sources. For international spending in developing countries, OECD data were used. Specifically, the OECD.Stat data warehouse reports Official Development Assistance (ODA) to all low- and middle-income countries as measured by per capita Gross National Income. ODA is reported by sector and recipient country. Dollar flows include grants, commodities, services, and certain capital transactions. The most comprehensive source of USG domestic philanthropic spending is the FAADS, compiled by the U.S. Census Bureau. FAADS data are also closest in content to foundation spending as reported by the Foundation Center and to this study's operational definition of philanthropic spending.[9] FAADS is a central repository of data on USG financial assistance provided by grants, loans, insurance, and transfer payments. We used OECD sectors and FAADS codes to classify USG spending into our six sectors.

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[9] Ideally, each federal assistance program would be analyzed to determine the appropriate sector. We used a more efficient classification method that incorporated 176 functional subcategories determined by USG agencies. Two MPR researchers independently examined each subcategory and determined the most appropriate sector. Some codes were in multiple functional subcategories; these codes were individually evaluated and assigned to the most appropriate sector.

Compared to foundation spending, USG philanthropic spending was even more weighted toward the domestic sphere (Table C.1). International spending represented just 1.5 percent of all USG philanthropic spending in 2002. However, the amount of international spending doubled by 2004 and, due to this increase and to a decline in domestic spending, represented 3.5 percent of all USG philanthropic spending in that year.

TABLE C.1

SUMMARY OF USG PHILANTHROPIC SPENDING, 2002–2006 (IN MILLIONS 2006 $)

	2002[10]		2004		2006	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
International	11,854.4	2	23,946.5	4	23,157.9	3
Domestic	769,835.4	99	654,481.5	97	696,916.9	97
Total	**781,689.8**		**678,428.0**		**720,074.8**	

Development spending received the largest share of ODA from 2002 to 2006, ranging from roughly half to two-thirds of total USG international philanthropic spending (Table C.2). Health spending followed at just under 20 percent in 2002 and 2006 but less—12 percent—in 2004. Development spending nearly tripled from 2002 to 2004, coinciding with USG reconstruction work in Iraq.

TABLE C.2

USG INTERNATIONAL PHILANTHROPIC SPENDING BY SECTOR, 2002–2006 (IN MILLIONS 2006 $)

	2002		2004		2006	
Sector	Amount	% of Total	Amount	% of Total	Amount	% of Total
Development	5,647.6	48	15,507.2	65	11,140.2	48
Education	317.3	3	652.1	3	477.1	2
Environment	424.8	4	1,287.1	5	1,057.3	5
Health	2,201.1	19	2,879.8	12	4,189.6	18
Human Services	2,013.1	17	1,811.5	8	1,449.5	6
Relief	599.0	5	1,566.7	7	2,776.8	12
Multisector	651.5	5	242.2	1	2,067.5	9
Total	**11,854.4**		**23,946.5**		**23,157.9**	

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[10] This is the calendar year for international spending and the USG fiscal year for domestic spending.

The largest amount of all USG philanthropic spending was directed toward domestic human services, at nearly $280 billion in 2006 (Table C.3).[11] Development spending represented nearly a third of USG domestic spending in all three years.

TABLE C.3

USG DOMESTIC PHILANTHROPIC SPENDING BY SECTOR, FY 2002–2006
(IN MILLIONS 2006 $)

Sector	FY 2002		FY 2004		FY 2006	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Development	251,465.1	33	200,004.1	31	222,759.7	32
Education	98,601.3	13	90,739.0	14	108,521.3	16
Environment	6,622.1	1	7,709.7	1	23,141.3	3
Health	54,480.0	7	42,935.0	7	41,783.1	6
Human Services	356,104.2	46	310,621.8	48	279,355.4	40
Relief	2,562.7	0	2,471.9	0	21,356.1	3
Total	**769,835.4**		**654,481.5**		**696,916.9**	

In 2006, countries in the Middle East and North Africa region received the largest share of USG ODA (Table C.4). The regional distribution of ODA changed substantially toward this region from 2002 to 2004, in large part due to a significant increase in ODA to Iraq. Spending in sub-Saharan Africa was roughly equivalent to spending in the Middle East and North Africa in 2006 (32 percent compared to 33 percent, respectively).

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[11] We excluded from the analysis three major entitlement programs: Social Security, Medicare, and Medicaid. These programs do not fit well within the rubric of "initiatives." If included, these entitlements combined would approximately double total USG domestic philanthropic spending. Human services and health would then represent 47 and 33 percent of domestic spending, respectively, and development would constitute 12 percent of total USG domestic philanthropic spending in 2006.

TABLE C.4

USG INTERNATIONAL PHILANTHROPIC SPENDING BY REGION, 2002–2006 (IN MILLIONS 2006 $)

Region	2002		2004		2006	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
East Asia and the Pacific	872.0	10	577.9	4	725.1	4
Eastern Europe and Central Asia	1,664.3	19	1,090.8	8	1,171.0	7
Latin America and Caribbean	1,332.3	15	1,911.8	15	1,921.1	11
Middle East and North Africa	1,627.4	18	4,698.0	36	5,711.1	33
South Asia	747.6	8	1,067.7	8	2,165.9	13
Sub-Saharan Africa	2,658.4	30	3,738.7	29	5,602.4	32
Total[12]	**8,902.0**		**13,084.9**		**17,296.6**	

D. FOUNDATION AND USG FUNDING PRIORITIES AND TRENDS COMPARED

U.S.-based foundations and USG together provided $734 billion in philanthropic funding in 2006, at home and across the globe. To paint a clearer picture of the differences and similarities in their philanthropic agendas and priorities, we provide in this section bar charts showing the distribution of their spending across sectors and geographic regions, using the information presented in tabular form in sections B and C.

Internationally, both foundation and USG spending reflect strong priorities for health and development efforts.

As measured by the share of funding in 2006 devoted to each sector, foundations give health top priority (53 percent of spending, figure D.1), but they also focus strongly on development (23 percent). In 2006 the majority of foundation international spending on health was directed to public health (38 percent), followed by AIDS research (11 percent) and reproductive health care facilities (10 percent) (not shown).

Like foundations, USG also focused spending on health and development, although the relative order is reversed. USG devoted 48 percent of its international philanthropic spending to development and 18 percent to health (Figure D.2). Spending on relief was also important for USG, representing 12 percent of all international funding in 2006.

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[12] This total is smaller than the overall total for USG international spending because some spending (roughly $5.7 billion) is not identified by recipient country ("unspecified bilateral" or not reported).

FIGURE D.1

DISTRIBUTION OF FOUNDATION INTERNATIONAL SPENDING BY SECTOR IN 2006
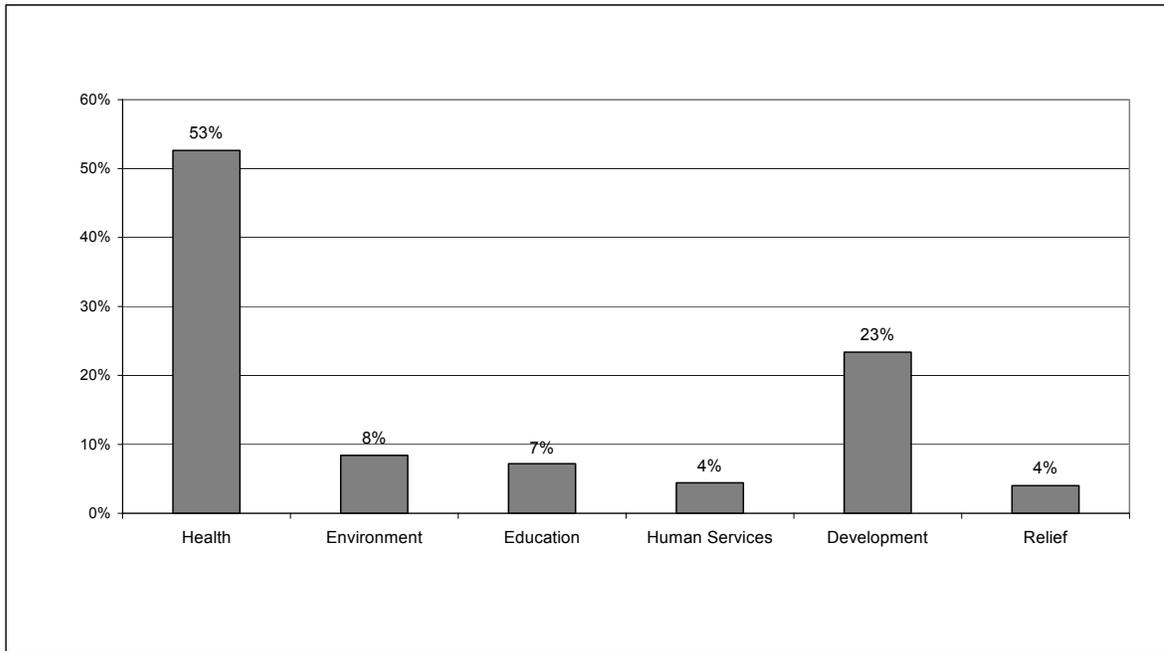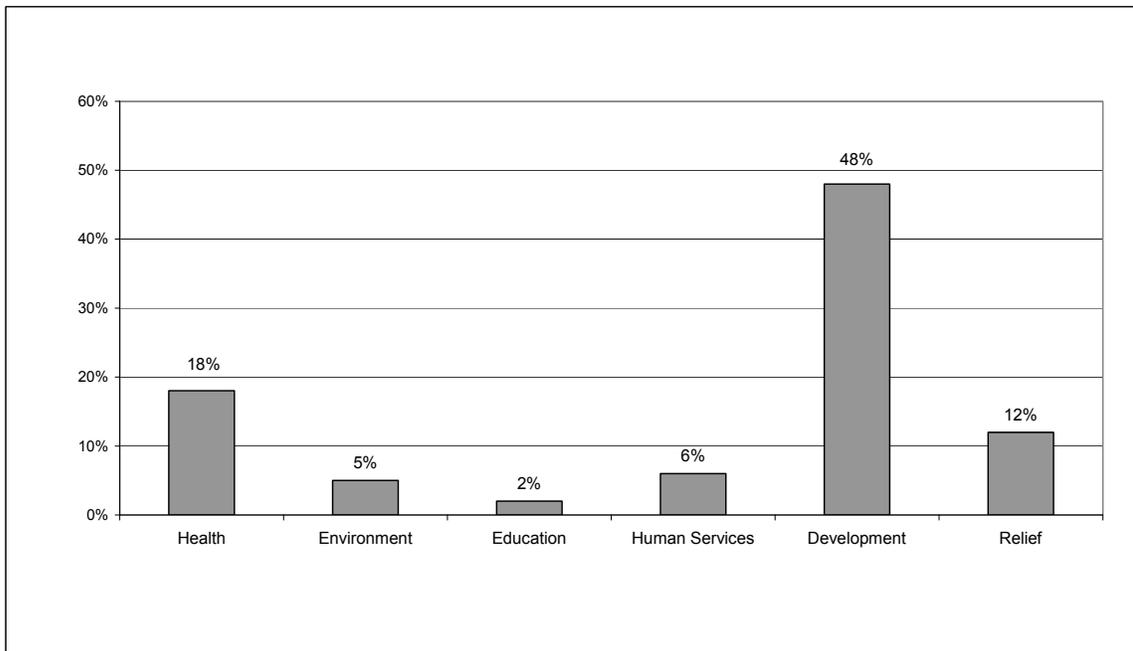(ALL COUNTRIES, IN MILLIONS 2006 $)

FIGURE D.2

DISTRIBUTION OF USG INTERNATIONAL SPENDING BY SECTOR IN 2006
(IN MILLIONS 2006 $)

Sub-Saharan Africa and the Middle East receive the bulk of foundation and USG philanthropic funding, respectively.

Foundation international spending is most heavily concentrated in sub-Saharan Africa, with half of this spending focused on that region and less than five percent on the Middle East and North Africa (Figure D.3).

The USG's engagement in the Middle East is reflected by the relatively high allocation of philanthropic spending to the Middle East and North Africa region (33 percent; Figure D.4). At 32 percent, however, USG spending in sub-Saharan Africa is roughly equivalent to spending in the Middle East and North Africa.

FIGURE D.3

DISTRIBUTION OF FOUNDATION INTERNATIONAL SPENDING BY GEOGRAPHIC
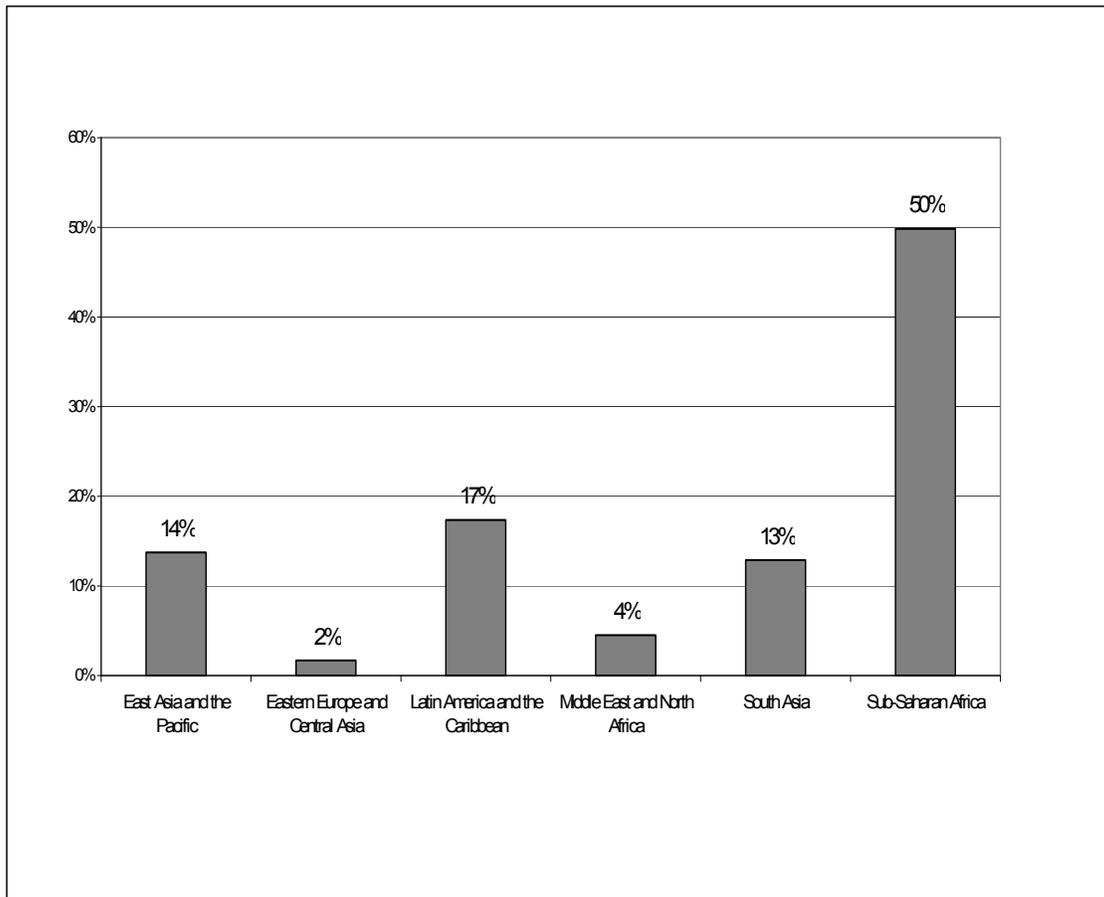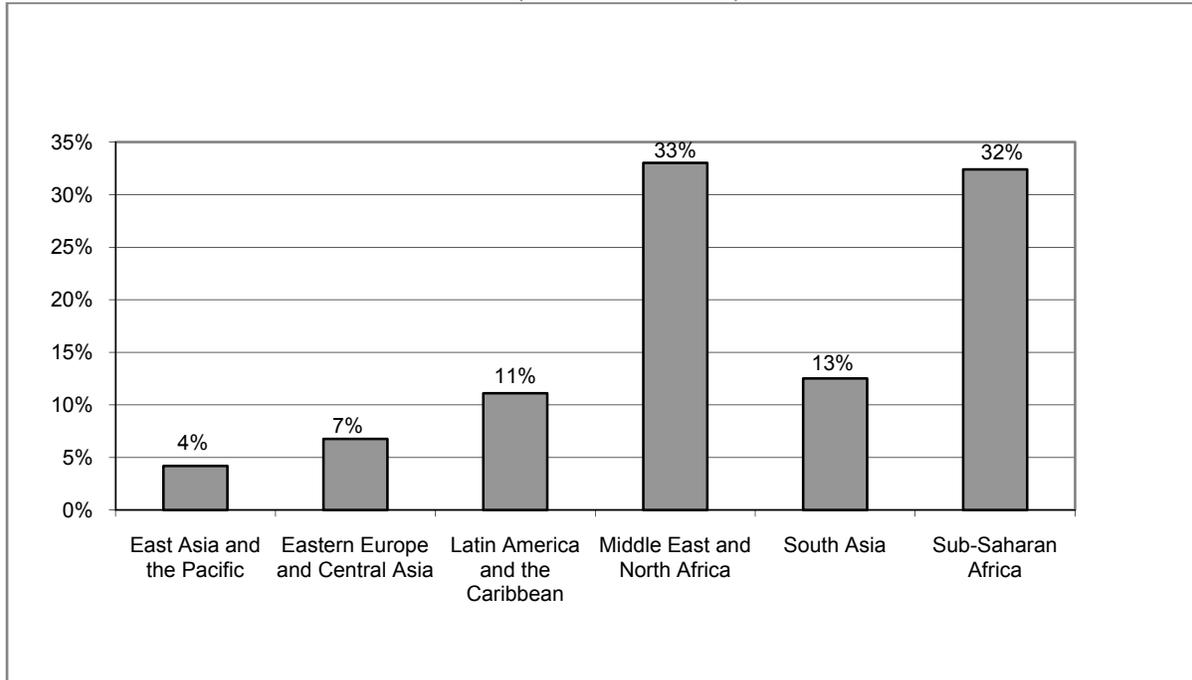REGION IN 2006 (IN MILLIONS 2006 $).

FIGURE D.4

DISTRIBUTION OF USG INTERNATIONAL SPENDING BY GEOGRAPHIC REGION IN 2006
(IN MILLIONS 2006$)

Priorities in domestic philanthropy differ between foundations and USG.

In 2006, foundations focused spending within the United States on education and health (Figure D.5). Together these sectors made up 64 percent of their domestic spending. In contrast, USG domestic philanthropy was heavily concentrated on human services and development (Figure D.6). Combined, these two sectors took up 72 percent of USG spending.

FIGURE D.5

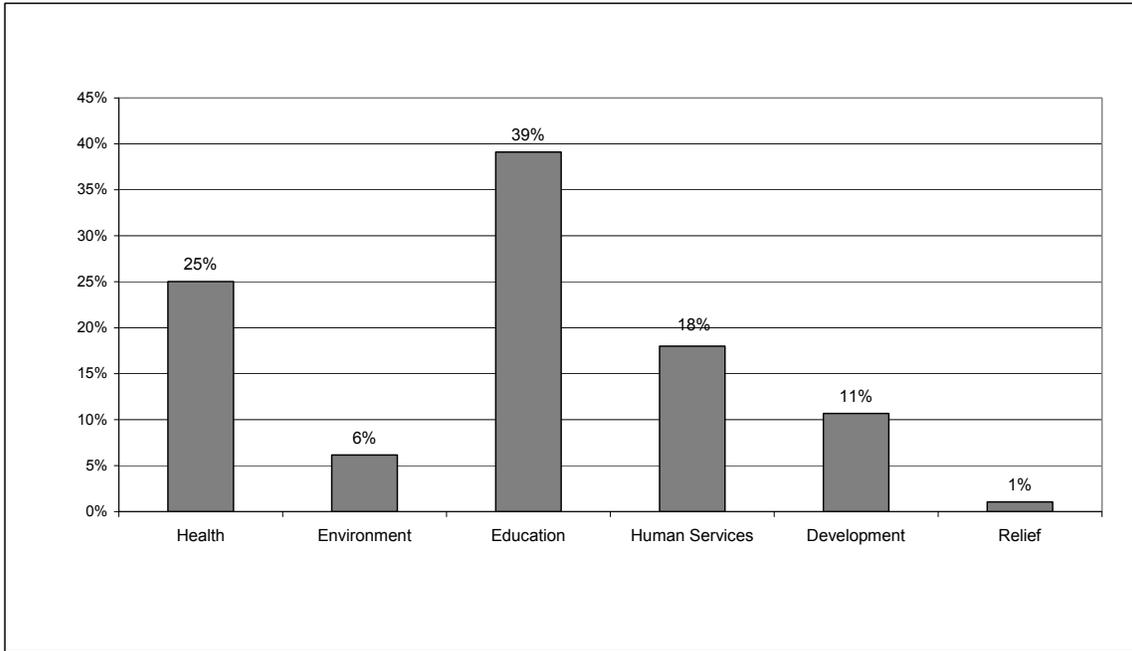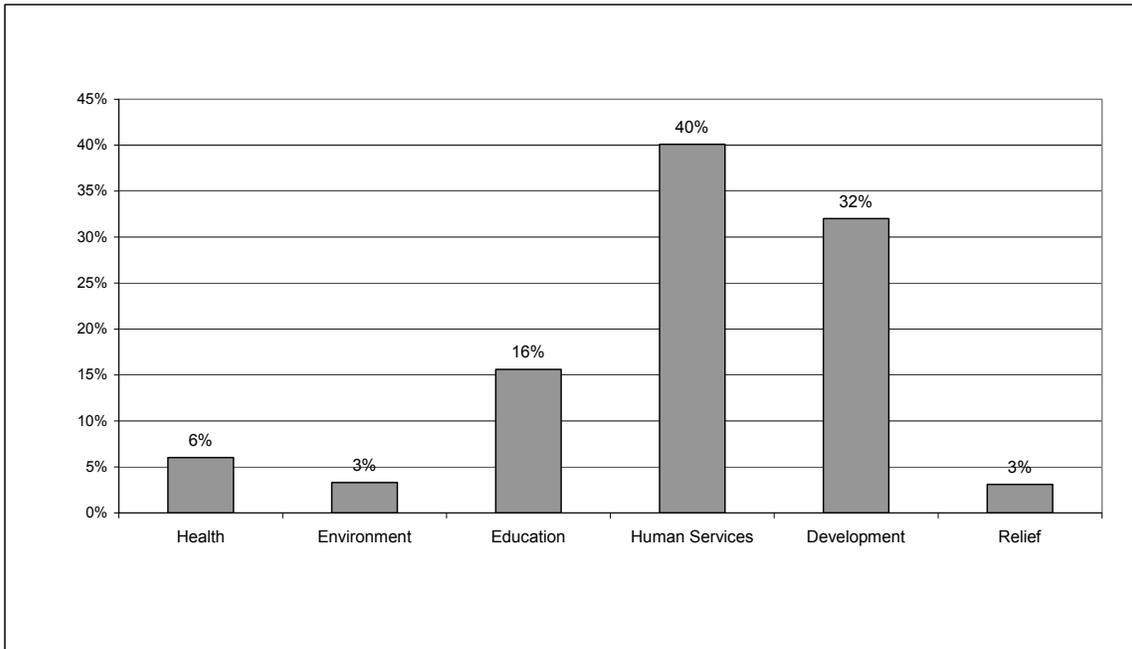DISTRIBUTION OF FOUNDATION DOMESTIC SPENDING BY SECTOR IN 2006
(IN MILLIONS 2006 $)

FIGURE D.6

DISTRIBUTION OF USG DOMESTIC SPENDING BY SECTOR IN FY 2006
(IN MILLIONS 2006 $)

C.15

E. CONCLUSIONS

Identifying spending patterns and trends provides insight into foundation and USG decision making by revealing where they choose to spend their limited funds. Internationally, foundations, or at least a few large foundations, have determined that the health sector and sub-Saharan Africa present the greatest opportunities for impact. USG shares these priorities, although, of course, national security considerations and political necessities have also shaped USG spending. Domestically, foundations favor the education sector, particularly spending in higher education. In contrast, almost three-fourths of USG spending occurs in human services and development.

Just as geopolitical events have significantly altered the pattern of USG international spending, overall trends in foundation spending hint at the impact of a few large foundations. Mostly due to the falling stock market and consequent drops in foundation endowments, overall foundation spending decreased from 2002 to 2004 (Table B.1), continuing a drop from 2000. Yet the decline is not evident in the international data because of the very large contribution to international spending by the Bill & Melinda Gates Foundation. Without the Gates Foundation, international giving would have decreased by four percent from 2002 to 2004 (Foundation Center Report on International Giving, 2006). The outsized impact by Gates and a few other large, often new foundations (such as Hewlett and Google) provides new opportunities for foundation-USG interaction.