



LOCAL PRIVATE SECTOR PARTNERSHIP

MILLENNIUM ALLIANCE:

LOCAL PARTNER “CROWDS IN” INVESTMENTS
FOR EARLY-STAGE INNOVATORS

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LOCAL PARTNER PROFILE:



Federation of Indian Chambers of Commerce and Industry (FICCI)

With a nationwide membership of over 1,500 corporates and more than 500 chambers of commerce and business associations, FICCI speaks directly and indirectly for over 250,000 business units in India. It has an expanding direct membership of enterprises drawn from large, medium, small and tiny segments of India's manufacturing, distributive trade and services sectors.



Millennium Alliance innovator ZMQ has designed a mobile application to support maternal and child health in India.
Photo: Tess Zakaras/SSG Advisors

USAID's Development Innovation Ventures (DIV) has turned the development paradigm on its head. Based on the idea that “good ideas can come from anywhere,” DIV, launched in 2010, holds a year-round global grant competition for innovative ideas, pilots and tests them, and scales solutions that demonstrate widespread impact and cost-effectiveness.

USAID/India certainly saw the potential in DIV's tiered-funding model, inspired by the venture capital experience, in the vibrant Indian innovation ecosystem. But would DIV work in India?

In 2012, through a unique collaboration platform, India's private sector joined forces with the Government of India and USAID to create the Millennium Alliance — an “Indianized” version of DIV.

ABOUT THE LOCAL PRIVATE SECTOR PARTNERSHIP (LPSP) SERIES: This profile is part of an initiative led by the US Global Development Lab's Global Partnerships Team to document successful approaches in USAID's partnerships with local private sector actors. These profiles highlight collaborations in which USAID Missions and local companies have jointly designed and/or invested in activities, and where the local private sector's expertise, resources and/or networks played a unique role.

◀ The Millennium Alliance seeks to support Indian innovators working across key development sectors in India, including agriculture and food security. Photo: LVR/Jake Lyell

LEVERAGING LOCAL PRIVATE SECTOR NETWORKS, KNOWLEDGE, AND CREDIBILITY

The Federation of Indian Chambers of Commerce and Industry (FICCI) is a key founding partner in the Millennium Alliance. FICCI is responsible for administering the awards, overseeing the selection process, and, most importantly, using its connections with India's private sector to both bring new partners to the Alliance and connect Indian innovators with the resources they need.

Each Millennium Alliance innovator is assigned a FICCI award manager, who helps determine what is needed to successfully implement, test, or scale their solution. The award manager, by working through FICCI members, can also connect the grantee to local incubation and accelerator services, mentorship, legal advice, and/or additional sources of capital offered by Millennium Alliance platform members. Importantly, FICCI complements USAID's international convening power by playing a primary role in bringing new local partners to the platform. FICCI is well-known throughout India, and uses its national network to connect grantees with Indian companies, angel investors, private donors, and venture capitalists.



Through the Millennium Alliance, USAID/India and its partners are supporting innovations to advance education and other core development goals in India. Photo: USAID/India

CREATING VALUE FOR LOCAL PARTNERS

A key success factor for the Alliance is that, while focused on development outcomes, its activities are also clearly aligned with the interests of the Indian business community. For example, the Alliance provides FICCI a means to strengthen its engagement with the Indian government and build its credibility in the development space — of particular interest given India's Corporate Social Responsibility law. Meanwhile, the investors and financial companies that have joined the Alliance — with contributions worth millions of dollars — are seeking investable opportunities. Through the Alliance, they get access to hundreds of young innovators and potential deals.

FICCI is playing a role that a multinational partner could not easily fill: the Alliance is a unique multi-stakeholder model that was new in India and required market-sensitive promotion and messaging. According to USAID/India's Senior Advisor for Innovation and Partnership Nehal Sanghavi, "Having the Indian private sector engaged brings a whole new level of credibility and knowledge to the Alliance. No one knows a country like the indigenous private sector." Besides its local credibility, which has ensured sustainable partnerships with players in the innovations space, FICCI has also leveraged its relationship with the Indian government to secure public funding for the program, making the Millennium Alliance the first instance in which the Indian government has directly contributed financial resources to a USAID program.

CROWDING IN LOCAL CAPITAL

The Millennium Alliance has leveraged over \$20 million in financial and in-kind contributions through partnerships with leading Indian and multinational corporations, foundations, and donors. With FICCI as an intermediary — and with the Indian government and powerful local companies like India's ICICI Bank at its helm — the Millennium Alliance has demonstrated a compelling model for sparking large scale local investment in development.

INCUBATING PARTNERSHIPS AND COLLABORATION BEYOND THE ALLIANCE

The Millennium Alliance has become a diverse and unlikely alliance between governments, local companies, and international donors. The Millennium Alliance is helping to build trust across sectors and continents, and is seeding new partnerships that extend beyond the collaboration itself. For example, DFID has joined the Alliance to scale proven Indian innovations in Africa and South Asia. The World Bank has also joined the Alliance as a knowledge partner and brings its experience with its Development Marketplace, a competitive grant program for social entrepreneurs.

CHALLENGES AND LESSONS LEARNED

The Alliance has faced many challenges. The program has been a significant management lift for the USAID Mission, as the review and rating of many rounds of proposals require dedicated time and resources from the technical teams. Many new businesses under the Millennium Alliance have required substantial mentoring and technical assistance, especially in monitoring and evaluation, where grantees have limited capacity to build the evidence base for attracting and retaining investors. A dearth of early stage domestic capital has also proved to be an impediment for the young businesses, inhibiting their large-scale impact. Further, enterprises that have brought new technology to BoP markets have struggled to establish reliable networks to service these markets since product maintenance will be unfamiliar for existing infrastructure.



Expanding access to clean water and sanitation in India is a key focus of the Millennium Alliance. Photo: Bonnie Carlson, USAID/India

TAKING EDUCATION TO INDIA'S REMOTE DISTRICTS – A MILLENNIUM ALLIANCE IMPACT

Children's Lovecastles Trust (CLT) is an Alliance awardee that is using technology to extend access to quality education to children in India's remote locations. CLT's master teachers have designed low-cost, localized e-content for Kindergarten to Grade 12 in English and Kannada (a local language). The digital courseware is modular, replicable, and can be taught even by under-qualified teachers. As of October 2015, CLT has created 6,000 videos that are imparting learning in science, technology, English, and math in 2,800 classrooms in India's 23 rural districts. As a result, 70 percent of students are now able to recall math terminologies and 90 percent have developed the skill of using a geometrical instrument accurately to solve problems.