

Class Reading Notes
BOTFL Team Guatemala

January 14, 2014 - Developing a Common Language

I. Solitude and Leadership; William Deresiewicz to West Point plebes

a. Describes a rift today between the type of “sheep” which are produced by the system who then go to top schools and become leaders and the type of independent critical thinkers needed to make complex leadership decisions in the new millennium. Identifies solitude (whether contemplation, work that leads you to yourself, or intimate conversation) as key to examining and framing what you learn and forming independent opinions and a sense of self that you have the moral courage to defend.

b. Quotes

i. “What I saw around me (at Yale) were great kids who had been trained to be world-class hoop jumpers”

ii. “That is exactly what places like Yale mean when they talk about training leaders. Educating people who make a big name for themselves in the world, people with impressive titles, people the university can brag about. People who make it to the top. People who can climb the greasy pole of whatever hierarchy they decide to attach themselves to”. But I think there’s something desperately wrong, and even dangerous, about that idea.”

iii. “We have a crisis of leadership in America because our overwhelming power and wealth, earned under earlier generations of leaders, made us complacent, and for too long we have been training leaders who only know how to keep the routine going. Who can answer questions, but don’t know how to ask them. Who can fulfill goals, but don’t know how to set them. Who think about *how* to get things done, but not whether they’re worth doing in the first place. What we have now are the greatest technocrats the world has ever seen, people who have been trained to be incredibly good at one specific thing, but who have no interest in anything beyond their area of expertise.”

iv. But “From the very earliest days of this country, the model for our officers, which was built on the model of the citizenry and reflective of democratic ideals, was to be different. They were to be possessed of a democratic spirit marked by independent judgment, the freedom to measure action and to express disagreement, and the crucial responsibility never to tolerate tyranny”

v. “It seems to me that Facebook and Twitter and YouTube—and just so you don’t think this is a generational thing, TV and radio and magazines and even newspapers, too—are all ultimately just an elaborate excuse to run away from yourself. To avoid the difficult and troubling questions that being human throws in your way. Am I doing the right thing with my life? Do I believe the things I was taught as a child? What do the words I live by—words like *duty*, *honor*, and *country*—really mean? Am I happy?”

vi. “Solitude can mean introspection, it can mean the concentration of focused work, and it can mean sustained reading. All of these help you to know yourself better. But there’s one more thing I’m going to include as a form of solitude, and it will seem counterintuitive: friendship”

vii. “It seems to me that solitude is the very essence of leadership. The position of the leader is ultimately an intensely solitary, even intensely lonely one. However many people you may consult, you are the one who has to make the hard decisions. And at such moments, all you really have is yourself.”

II. The Importance of Asking The Right Questions, Clay Christensen comm. Speech

a. Starts of saying if you don’t ask the right questions (in anything) you will be led to answers but perhaps irrelevant answers

b. Tells a story of a Chinese economist who comes to study America and observe capitalism & democracy for the first time in his life. When asked what he learned, the Chinese man points out how influential religion has been in the reason that democracy works in the US. This because, Democracy (and capitalism) only works when most people voluntarily obey the laws most of the time. And what causes them to voluntarily obey unenforceable rules? Well, in the absence of a strong-fisted leader, he says, religion does this. So the author wonders what will happen now that religions are less influential.

i. Says see examples like Haiti or Russia where religion isn’t very influential and note that they weren’t ready for democracy – but that they actually had more stability under dictators.

c. The right question to arrive at, he says, is, “Because democracy is possible only when most people obey the unenforceable, what institutions can we rely upon to inculcate this instinct amongst the American people? And how can we strengthen these institutions so they can do it better?” Repeat same question with, “Because capitalism and the prosperity it brings are possible only when there is nearly universal voluntary obedience to laws, etc...”

d. Ends by saying that some people insist on atheist beliefs but they do so *like* a religion – with that type of fervor. But he wonders how this will convince people to voluntarily be decent.

January 16, 2014 - The Situation: Our role and strategy

I. TED: Jaqueline Novogratz’s A Third Way to Think About Aid

a. Two sides of argument – one says aid is broken make it all markets and accountability, other says we need more aid as evidenced by successes like small pox irradiation, etc. Patient capital is the best of both worlds

- b. Need to listen to what people need not give them what you think they need
- c. Obama authorized the creation of a social innovation fund

II. **Pope Benedict's Encyclical on Caritas in Veritae (Charity in Truth)**

a. "Pope Benedict XVI lifts up love, or charity, as the "extraordinary force" that leads people to faith inspired engagement in the world (no. 1). He identifies justice as the "primary way of charity" and notes the obligation of "every Christian" to "take a stand for the common good" and work for institutional change (nos. 6-7). In the face of a global economic crisis, Pope Benedict XVI writes about the need for "a new vision for the future" (no. 21) guided by love, truth, and solidarity. These values, he writes, must inform all aspects of economic life, such as finance, trade, and globalization, which must be humanized and re-oriented to the common good. Business owners, investors, and consumers all have a role to play in guaranteeing that businesses operate to benefit the common good. Benedict XVI criticizes modern society's appeal to rights without acknowledging corresponding duties, and he emphasizes the international community's duty toward solidarity which should be realized in many ways, such as attention to the needs of workers and immigrants and development assistance to poor countries, which should be implemented in a way that prioritizes respect for life and the authentic human development of the person. The Holy Father links concern for life with the duty to care for creation, emphasizing environmental concern more than in any past encyclical."

II. **Rerum Novarum: *On the Condition of Labor***

a. "This groundbreaking social encyclical addresses the **dehumanizing conditions** in which many workers labor and affirms **workers' rights to just wages, rest, and fair treatment, to form unions**, and to **strike** if necessary. Pope Leo XIII upholds individuals' right to hold private property but also notes the role of the state in facilitating distributive justice so that workers can adequately support their families and someday own property of their own. He notes the poor 'have a claim to special consideration'. Leo XIII criticizes both capitalism for its tendency toward greed, concentration of wealth, and mistreatment of workers, as well as socialism, for what he understood as a rejection of private property and an under-emphasis on the dignity of each individual person."

III. **Fareed Zakaria GPS: The Global Poverty Paradox**

- a. Global poverty has decreased over 40%. But that's a deceptive stat – if you remove China from the picture, it's actually worse.
- b. India has made tremendous strides against poverty too, lifting millions out of extreme poverty, but because their population has increased so much, they actually still have the same number of poor as before. (~400M)
- c. As for Africa, it's gotten even worse or stayed the same.
- d. What is the answer? Growth. China proved this, says Zakaria.

IV. **GOOD Magazine Interview (YouTube): Jeff Sachs**

- a. One day of U.S. Military spending (\$1.5B) would provide the entire continent of Africa malaria bednets for five years. Why?
- b. Our goal should be complete eradication of extreme poverty. China is lifting extreme poverty before our eyes. So its possible. But we have an expensive war, etc, and we just don't. Us vs. them fear dominates.
- c. So what about the celebrities? Well, it raises awareness & public understanding. The politicians are never going to fix it – we have to. People have to understand not only the problem but that there are practical solutions and what they are.

V. CBC Interview (YouTube): Dambisa Moyo on Her Vision for Africa and What's Wrong with Aid

- a. Moyo, a former Goldman employee and author, thinks aid fails because its given mainly to governments. This means the governments aren't accountable for serving the people and their domestic private sectors for survival – so they aren't incentivized to do good for them.
- b. She says also the widespread media/celebrity/aid biz focus on Africa's problems paints Africa as a terrible place and therefore it discourages foreign investment. This is why Western capital markets slam the doors in their faces. But, in China, the middle east, etc, where they don't have this bias, African companies have been able to, for example, issue bonds, etc, and work with return-oriented players. When the interviewer points out that these govt's could default, like Chile, causing tremendous suffering, she says it wouldn't be worse than now.

VI. The Other: Need Notes

January 21, 2014 - Complications: Challenges to development

I. *Why Globalization?* by Martin Wolf (Chapter 4 – The “Magic” of the Market)

- A market economy has to solve 5 problems
 - Information must flow smoothly
 - People must live up to their promises (trust)
 - Competition must be fostered
 - Property rights must be protected
 - Regulation to protect third parties from externalities

II. *Why Globalization?* by Martin Wolf (Chapter 5 – Physician, Heal Thyself)

- Need notes

III. *The Bottom Billion* by Paul Collier

BOTTOM BILLION NOTES SET 1

The Bottom Billion by Paul Collier

- The Traps
 - Conflict
 - Natural resources
 - Dutch disease – resource exports cause currency to rise in value, making export activities uncompetitive when those activities may be desired for development
 - Landlocked with bad neighbors
 - Increase neighborhood growth spillovers
 - Improve neighbors' economic policies
 - Improve coastal access
 - Become a haven for the region
 - Don't be air-locked or e-locked
 - Encourage remittances
 - Transparent and investor-friendly environment for resources prospecting
 - Rural development
 - Try to attract aid
 - Bad governance in a small country
- The Instruments
 - Aid
 - Military – serves four purposes
 - Expelling an aggressor
 - Restoration of order
 - Maintaining post-conflict peace
 - Preventing coups
 - Laws and Charters
 - Our (developed nations') laws often affect problems in bottom billion countries
 - Charter for natural resource revenues
 - Charter for democracy
 - Charter for budget transparency
 - Charter for postconflict situations
 - Charter for investment
- Agenda for Action
 - "But do not think that just because your work is unconnected with development you are off the hook. You are a citizen, and citizenship carries responsibilities" (175-176).

- “The key obstacle to reforming aid is public opinion. The constituency for aid is suspicious of growth, and the constituency for growth is suspicious of aid” (183).
- Collier’s three central propositions (192)
 - The development problem is new, and is tightly focused on the Bottom Billion
 - The politics of the Bottom Billion is a “dangerous contest between moral extremes” – the main struggle comes from within those societies
 - “We do not need to be bystanders” – Collier lays out his proposed interventions in the book

BOTTOM BILLION NOTES SET TWO

- a. *Main Idea of Whole Book: Narrow the Target (of aid); Broaden the Instruments*
- b. Intro: The author talks about how lots of development stuff is done without empirical evidence – that’s what he does. He uses an economic research-based approach to looking at the sources of problems and then designs interventions to address those. He looks particularly at the Bottom Billion, rather than the bottom 5 Billion that is traditionally the focus of aid.
- c. The question he asks is why countries at the bottom billion have missed out on the trend of convergence (which describes how fast-growing poorer countries have, over time, begun to catch up i.e. converge with the slower-growing richer countries)
- d. The author doesn’t like aid – he likes growth. He talks a lot about how “AID Inc” likes to perpetuate itself.
- e. The Bottom Billion isn’t just the poor but the poorest of the poor. He says they’re stuck there because they are in one of several development traps:
 - i. The Conflict Trap (civil wars & coups and their tendency to reoccur)
 1. The author also doesn’t buy the righteousness of rebel movements – he says they often just use populist grievances as a tool but their real goal is personal power/enrichment, whatever
 2. Coups are encouraged by aid
 - ii. The Natural Resource Trap: Countries that are rich in natural resources are paradoxically usually worse off than countries that are not because:
 - Resources make conflict for the resources more likely.
 - Natural resources mean that a government does not have to tax its citizens. Consequently, the citizenry are less likely to demand financial accountability from the government.
 - The exploitation of valuable natural resources can result in [Dutch disease](#), where a country’s other industries become less competitive as a result of currency valuation due to the \$\$ f/ the resource.
 - Not only that, but commodity economies are very vulnerable to shocks and often don’t manage countercyclically, which gets them in further trouble, as we learned about in Latin America. So the author concludes that resource richness makes democracy

malfunction. Why? Resource-rich democracies usually under invest and invest unwisely

iii. Landlocked with Bad (or just badly-off) Neighbors Trap

1. Because your global import/exports are vulnerable to *their* infrastructure
2. Because countries without coastline effectively only trade with neighbors
 - a. Increase neighbor spillovers
 - b. Improve neighbor's economic policies
 - c. Improve access to the sea
 - d. Become a haven for the region – set policies clearly superior to neighbors, to attract investment
 - e. Don't be airlocked (or e-locked)
 - f. Encourage remittances – landlocked countries will have slow growth which leads to immigration out of there. But you can educate people so they can be exported and then encourage remittances, through banking and tax policies, investment incentives, etc
 - g. Create a transparent/friendly environment to resource prospecting
 - h. Prioritize rural development policies
 - i. Try to attract aid

iv. Bad Governance in a small country trap (smallness is significant

because it discourages FDI, relative to India/China)

- f. Many countries are in more than one trap simultaneously – but escape is possible
- g. Globalization drove the majority of poor countries into prosperity but its now working to keep the bottom billion from being able to catch up. They can't diversify exports because
 - i. They're kept out of cheap goods by Asia *and*
 - ii. They're kept in business as commodity exporters... by Asia
 - iii. Their internal problems encourage capital flight – locals send their capital elsewhere because its safer. This is easier than ever to do.

h. So what is globalization?

- i. Trade in goods
- ii. Flows of capital
- iii. Migration of people

i. What to do about it?

1. Aid has diminishing returns. And plain budget support isn't effective (lots of it leaks into military budget not humanitarian stuff)

2. Somewhere between the left's view of aid as an obligatory reparations for colonialism and the rights equation of aid and welfare scrounging, exists a thread of sanity: aid for development

3. To reconcile the goals of giving aid to who needs it most and also where it will make the most impact, the author came up with the concept of aid effectiveness. Here's how he looks at aid & the four traps:

1. Post-conflict aid has to be sustained over a decade
2. Natural resource rich countries have money so aid doesn't do much about that trap ... until they try to reform.
3. Landlocked countries are the ones who need prolonged welfare from aid. But in this

case aid is just to provide minimal dignity and basic needs until the landlock situation gets fixed

4. Policy-conditionality was the original approach to the bad governance trap – but it inspired resentments among the beneficiaries and led them to push back against policies that were good for them. In addition, it messed up accountability: the gov'ts could pass the blame to the IMF or whoever. But ex-post conditionality is better – reward for results.

a. Aid can also provide technical assistance in countries where the civil service is staffed with cronies not people with skills. Technical assistance is controversial, and capacity building is better, but technical assistance is a good temporary measure to get over a hump. Technical assistance is actually highly effective and has less diminishing returns

b. Sudden extra money can be bad for discipline in reform efforts. Aid is not effective in instituting a turnaround – you have to wait for a political opportunity. Then when it comes, pour the money in.

c. Dude likes a venture capital approach to aid – venture aid. Meaning high risk taking, accepting many won't succeed, and demanding accountability.

d. In crappy government countries, aid supervision is very effective. The author has an idea for an oversight board to manage the spending of aid on social stuff in the worst of the worst cases

5. Refuse to give aid to things that could cause Dutch disease – instead invest in one-off projects that encourage export (like building up a port, e.g.)

6. Direct aid toward building democracy. But it's not just elections! Real democracy is about checks & balances

7. Hold Western banks to account when they assist evil dictators (a role for Central Banks who regulate banks) and hold western companies to account when they exploit countries (international standards and certifications do this). Also Western gov'ts need to break the prisoner's dilemma of bribing third world dictators

8. Trade Policy – the author says people don't really understand it and that's why they get it so wrong, especially those who equate free trade with imperialism. He says without free trade, aid makes things worse because aid is foreign exchange and it can only be spent on imports or something. But then he goes on to say that without interference, the bottom billion will never be able to join the global economy in manufacturing, etc, because China got there first with its cheap labor. So he recommends temporary tariffs on Asian goods while the BB has a chance to catch up.

9. Then he gives a run down of which interventions work with which traps. Some include:

- Aid agencies should increasingly be concentrated in the most difficult environments, accept more risk. Ordinary citizens should not support poorly informed vociferous lobbies whose efforts are counterproductive and severely constrain what the Aid agencies can do.[7]

- Appropriate Military Interventions (such as the British in [Sierra Leone](#)) should be encouraged, especially to guarantee democratic governments against coups.[8]

- International Charters are needed to encourage [good governance](#) and provide

prototypes.[9]

- Trade Policy needs to encourage free trade and give preferential access to Bottom Billion exports.

IV. Paul Collier: New rules for rebuilding a broken nation

- Shift from zero sum to positive sum game before can get productive politics
 - Need security in place to build prosperity
- 2 complementary approaches
 - 1) Recognize interdependence of 3 key actors
 - Security council – long term, at least 10 years, not get out as soon as possible
 - Don't get economic assurance
 - Donors – typically get bored after a few years
 - Don't get policy reform or aid (below, next) don't get the economic recovery, which is necessary
 - Post-conflict government
 - Economic reform – typically deteriorates during conflict
 - Inclusion agenda – not from elections, genuinely bringing people in
 - 2) Focus on a few critical objectives (complementary approach):
- I) Jobs
 - Construction sector – important for rebuilding but need to build skills
 - Not only doctors without borders, but builders without borders
- II) Services
 - Create independent service authority
 - Distributes moneys – creates competition among NGOs and 3rd parties
 - Creates coherent plan
- III) Clean government
 - Provide money for the budget
 - But with provide scrutiny to create accountability
 - Accountants without borders
 - Would gradually squeeze out crooks
- Would gradually lead from a politics of plunder to politics of hope

V. Should Business Ethics Be Different in Transitional Economies? Cordeiro

a. Do multinational enterprises (MNEs) have ethical obligations to their host countries? Velasquez applies Thomas Hobbes' realism approach in arguing that MNEs have no special moral obligations to host countries: (a) obligations do not exist independently in a "state of nature," (b) MNEs exist in a "state of nature" independent of any sovereign authority or power, (c) therefore, MNEs cannot be compelled toward moral or ethical behavior. Fleming counters that the lack of an international authority to compel morality from MNEs is irrelevant. Even if a philosophical case cannot be established for MNEs to act ethically – they still should. Being unethical in any

arena, but especially in the international arena, is both bad-for-business and bad business

b. Elsewhere, Donaldson identifies fundamental rights that MNEs must promote including: “freedom of physical movement, ownership of property, freedom from torture, fair trials, nondiscriminatory treatment, physical security, freedom of speech and association, minimal education, political participation, and subsistence”

c. Elsewhere, former Chairman of IBM, John Akers (1989), closely links competitiveness and ethics: “No society will compete very successfully with people stabbing each other in the back; with people trying to steal from each other it is a recipe for a nation to become wasteful, inefficient and non-competitive . . . the greater the measure of mutual trust and confidence in the ethics of society, the greater its economic strength.”

d. A word of caution: Stakeholder analysis could be used as a tool to justify ethical relativism: adapting practices to meet the will of stakeholders

VI. Anderson: Lessons From the Developing World (WSJ)

a. MultiNational Corporations (MNCs) can't just go into slums and set up shop as usual. Success depends on local partners and tapping entrepreneurial talent & market intel

b. Some mobile phone examples cited talked about finding a biz leader in a slum and treating him just as you would any other distributor – w/ respect

VII. Notes from Billy and Mike (USA Officers)

- When interviewing people they will tell you either what they believe to be true, what they think you believe is true, or what they think you believe they think is true
 - If they lie to you, there is valuable information in knowing that
 - Identify interests behind positions (negotiation)

VIII. Class recap

- So many things have to go right for something to work
- Blessings can be a course
- Your level of analysis is important

January 22, 2014 - Special Session with Aaron Chassy from CRS

I. Aaron Chassy's Paper

- a. What is a CSO? It's a local on the ground group: Donors ->NGO->CSO.
- i. Sometimes CSOs see NGOs as meddling
 - ii. Sometimes people see CSOs as superfluous Western-style imposed structures; others see them as watchdogs

iii. The role of Civil Society is the subject of much academic discussion but one interesting thing is that African traditional leaders (chiefs, elders, peer groups) serve a similar role as Western CSOs

b. How can you improve their effectiveness?

i. CSOs are more effective if they actually function democratically... plus it silences their critics & they model democracy by doing so and then people will demand it elsewhere. Functioning democratically includes governance & \$\$ transparency

ii. Having them form coalitions

iii. Have them adapt principles of small biz development and maybe even become social enterprises (open a sundries store, etc)

iv. Think long-term

c. Also, Africans have to take responsibility for fixing the AID system

d. Ideally, the relationship between African CSOs and international NGOs should be one based on partnership and include shared vision; devolution of authority, autonomy and accountability; respect for and mutuality of interests; equality and transparency in all decision-making; commitment to mutual institutional capacity building and eventual organizational transformation; ownership by each organization's respective constituencies; and sustainability

e. *Note: I stopped reading halfway through*

January 23, 2014 - Getting to Know our Partners

I. International Food Aid Programs by C. Hanrahan

HANRAHAN NOTES SET 1

Monetization

Pros

- Could be used to develop capacity of smaller traders to participate in markets, increasing competition and/or combating price volatility
- Can have other benefits – addresses credit, hard currency, small volume, and other constraints to buying on the international market... which creates business opportunities and increases availability of commodity

Cons

- Management-intensive and fraught with financial risks
- Less efficient – average recovery (money initially appropriated for purchase of US commodity compared with funds recovered from selling at destination) was 58-76%
- More efficient to just provide cash than to purchase, ship, sell, then provide cash

- Commercial displacement—harmful to traders and local farmers and can undermine the development of local markets... and long-term food security

CRS – will monetize only when there will be no negative impact on local markets (hard to predict)

Local or Regional Procurement (LRP)

Pros

- Can be delivered rapidly—gets around the fact US aid is slow to arrive (up to 4 months)
- Supports the local market
- More efficient—lesser shipping costs

Cons

- Can drive up prices in local markets, making it so that the locals cannot afford the goods
- Doesn't support commodity groups and shippers that support the program

Cargo Preference

Pros

- Ensures retention of military-capable vessels and maintains employment (questionable?)

Cons

- Increases the cost of shipping commodities to poor countries
- Potentially reduces volume of food aid provided

HANRAHAN NOTES SET TWO

a. **BACKGROUND:** For almost six decades, the United States has played a leading role in global efforts to alleviate hunger and malnutrition and to enhance world food security through the sale on concessional terms or donation of U.S. agricultural commodities. The objectives for foreign food aid include providing emergency and humanitarian assistance in response to natural or manmade disasters, and promoting agricultural development and food security. Average annual spending from 2002-2012 was \$2.2B

b. **IMPLEMENTATION** U.S. international food aid programs have traditionally been authorized in farm bills. U.S. international food aid has been distributed mainly through five program authorities. These, plus a sixth which was created as a complement to the Food for Peace program, are listed below. The implementing agency for most of the Food for Peace Act is USAID. The implementing agency for the others is the Foreign Agricultural Service (FAS)

- i. **The Food for Peace Act**, which receives (50-90%) of all funding
- ii. **The Food for Progress Act** of 1985, which is intended to assist developing countries and emerging democracies to strengthen free enterprise development in the agricultural sector, by providing for the sale of commodities on credit, etc

iii. **The McGovern-Dole International Food for Education and Child Nutrition Program** which *uses commodities and financial and technical assistance to carry out school feeding programs and maternal, infant, and child nutrition programs in foreign countries*

iv. **The Local and Regional Procurement Pilot Project**, which lasted from 2008 - FY2012 and ultimately concluded that its more cost effective to purchase commodities from local sources, then to import them from the US, when shipping costs are fully accounted for

v. **The Bill Emerson Humanitarian Trust (BEHT)**, a reserve of commodities and cash for use in the Food for Peace programs to meet unanticipated food aid needs.

vi. **The Emergency Food Security Program (EFSP)**, a complement to the Food for Peace Title II emergency food aid program, when Title II aid can't arrive fast enough. The EFSP finances 3 things:

1. Local and Regional Procurement (LRP)
2. Cash Transfers to disaster-affected people for use in purchasing essential food items to meet their food security needs(in the form of a physical payment or an electronic xfer via mobile providers or financeinstitutions.
3. Food Vouchers

c. **ABOUT FOOD FOR PEACE (Our Project's Funding Source)**

- Title I, Economic Assistance and Food Security, which makes available longterm, low-interest loans to developing countries and private entities for their purchase of U.S. agricultural commodities to support specific projects;
- Title II, Emergency and Private Assistance, which provides for the donation of U.S. agricultural commodities to meet emergency and nonemergency food needs;
 - a. "Food aid provided under Title II is primarily targeted to vulnerable populations in response to malnutrition, famine, natural disaster, civil strife, and other extraordinary relief requirements. Title II food aid is also used to meet nonemergency economic development needs that address food security. Emergency assistance is provided through intergovernmental organizations, particularly the United Nations World Food Programme (WFP) and PVOs, although commodities may be used in government-to-government programs. Nonemergency assistance may be provided through PVOs, cooperatives, and intergovernmental organizations. Commodities requested may be furnished from the inventory of USDA's Commodity Credit Corporation (CCC), if available, or purchased in the market.⁶ The CCC also finances transportation costs, including both ocean freight and overland transport costs when appropriate. The CCC may also pay for storage and distribution costs for commodities, including pre-positioned commodities, made available to meet urgent or extraordinary relief requirements. Depending on the agreement,

commodities provided under the program may be sold in the recipient country and the proceeds used to support development projects, a practice known as “monetization.””

- Title III, Food for Development, which makes government-to-government grants available to support long-term growth in the least developed countries; and
- Title V, Farmer-to-Farmer Program, which finances short-term volunteer technical assistance to farmers, farm organizations, and agribusinesses in developing and transitional countries.

- d. ISSUES FOR CONGRESS: Food aid issues currently being debated include:
- i. Assuring the nutritional quality and safety of food aid products (unfortified grains vs. slightly more costly fortified foods or therapeutic foods, etc)
 - ii. The controversial effects of monetization, or selling U.S. agricultural commodities to finance development projects of nongovernmental organizations;
 1. Some say its too costly plus it displaces markets
 2. Other say it develops capacity in markets (credit; teaching small traders)
 3. CRS (considered a Private Voluntary Organization or PVO partner of USAID) is in the middle on this issue
 - iii. Local/regional procurement of food aid commodities vs. procurement in the US: Its more cost effective but is it really right to take US farmbill money and use it to support non-US farmers?
 - iv. The effects of cargo preference legislation on food aid program costs: Now they’re required to do most shipping through US flag vessels but this limits capacity and, by extension, efficacy of the programs

II. Sanjay Pradhan: How open data is changing international aid

- initial aid framework from the era of UN founding:
 - transfers from rich to poor
 - development organizations that transferred were opaque
 - engagement with developing countries was with a few elites, not citizens
- Key shifts in development today
 - open knowledge
 - developing countries looking to China for how they lifted millions out of poverty)
 - Mexico *oportunidades* inspiring NYC
 - open aid
 - World Bank making more data accessible → data crowdsourcing and geomapping (opens projects for public scrutiny)
 - open governance (most significant)
 - provides both political and development accountability
 - some countries are making their budgets both *public* and *accessible*

III. CRS User Guide to Integral Human Development

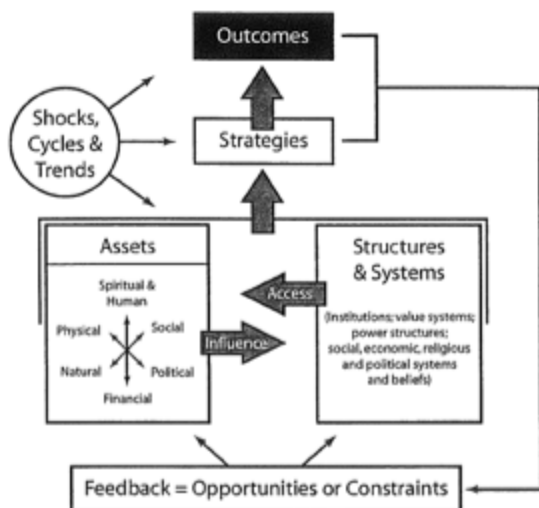
a. This was a practical guide which described their Integral Human Development model for analyzing contexts and designing projects. Highlights follow but for a guide to how to do this, see the chart on p. 16&17 of the manual plus the tables on the last 5-6 pages.

b. Integral Human Development promotes the good of every person and the whole person; it is cultural, economic, political, social and spiritual.

As a goal for CRS, IHD suggests a state of personal well-being in the context of just and peaceful relationships and a thriving environment. It is the sustained growth that everyone has the right to enjoy and represents an individual's cultural, economic, political, social and spiritual wholeness — a wholeness that we all want to experience and that, in concern for the common good, we want others to experience as well. It is participation in the fullness of

IHD also refers to the process by which a person achieves this well being and common good. True Integral Human Development is a long-term, dynamic process based on human dignity and right relations: i.e., each person's relations with God, self, others and all of creation.

Figure 1: The CRS Integral Human Development conceptual framework



In the IHD conceptual framework, six basic approaches to improving livelihood strategies are considered. These include:

- *Coping/Survival mechanisms* — getting through difficult periods.
- *Risk Reduction mechanisms* — reducing vulnerability to Shocks, Cycles and Trends.
- *Engagement* — increasing the influence of people and communities to advocate and claim rights and services.
- *Asset Recovery* — rebuilding Assets lost in a disaster.
- *Asset Diversification* — increasing resilience by having many different types of Assets to depend on in crisis, and reducing vulnerability to the loss of one or a few Asset types.
- *Asset Maximization* — increasing the quantity and quality of Assets to improve the capacity of households to leave poverty and reduce vulnerability.

These Strategies are not mutually exclusive, and it is common for more than one to be applied by households at any given time.

c. When to use the framework? As early in the project as possible.

d. Where to use? In the field, in partner meetings and reflections, internally with your own

team

e. How to use? Lots of ways. But one way is to organize small group work around the framework and divide each category between breakout groups (ex: one works on defining the vulnerabilities of different social categories while another works on identifying assets and a third works on analyzing structures and systems). Also, it can be helpful to bring in an outside facilitator, both so you can be fully engaged and also so you don't appear to be biasing the outcomes, to your constituents in the field.

IV. NPR Gates New Offices

- a. Gates gives out ~ \$3B p/y through grants to others. In the US, they focus on education. Globally, its health. Their approach is not just to write a check but to setting agendas, framing debates, advocating the foundation's point of view and taking action.
- b. People say they've changed the view of what charities can do and how... but critics say their agenda (which includes controversial teacher accountability, e.g.) is only good if you agree with those values. If not, its bad ideas multiplied by a ginormous microphone

V. 2012 Gates Annual Report

- a. The report is just a statement of where the money goes, etc. But one thing I learned was this bit about structure: The Bill & Melinda Gates Foundation has a two-entity structure. One entity, the Bill & Melinda Gates Foundation ("foundation"), distributes money to grantees. The other, the Bill & Melinda Gates Foundation Trust ("trust"), manages the endowment assets. The foundation and the trust are separate legal entities with independently audited financial statements. However, the legal documents that govern the trust obligate it to fund the foundation in whatever dollar amounts are necessary to accomplish the foundation's charitable purposes. Because the foundation has the legal right to call upon the assets of the trust, the foundation's financial statements reflect an interest in the net assets of the trust in accordance with generally accepted accounting principles (GAAP).

January 28, 2014 - Social Entrepreneurship

I. Coursera Video on Subsistence Economies

- a. Consumers in the economy profiled have two choices: Buy from local stores or regional stores. The local ones have higher prices so you'd think people would shop at the cheaper places. A woman in the video is asked if she checks prices? Reply, "No, imagine how the store owner would feel if I did that". Also, why doesn't she just stock up at the cheap store? Well, first, food is not a liquid asset. If an emergency comes up or school fees are due, etc, this removes the option to starve in order to pay those. Plus, its

not rational for her to go to the low price option - this would damage her relationship with the store owner. That store owner might refuse to give her credit in the future, e.g., like in an emergency. Main point: rationality in these contexts isn't what we think of - it includes a lot of thinking about relationships.

b. Entrepreneurs in these contexts also have an interesting role - they balance family, suppliers, and buyers. They have to extend credit or rein it in if their family needs it. They are essentially intermediaries and the balancing act is critical to their success. Sometimes microfinance organizations misunderstand this when they freak out if the money they give isn't spend on business development.

II. Dees: "The Meaning of Social Entrepreneurship"

a. Social entrepreneurship is a haute topic and buzz word but What is a social entrepreneur? People tend to define it differently. Is it a non-profit that starts a business to make \$? Does it describe a non-profit person who is just really creative and entrepreneurial? Is it a founder of blended value activities like Tom's shoes where they make money and do good?

b. We should first look at the definition of an entrepreneur which doesn't necessarily have to mean a business person & includes all of the following:

i. Venturesome individuals who stimulate economic progress by finding new and better ways of doing things.

ii. Someone who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield, i.e. who creates value."

iiiExploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products,by reorganizing an industry and so on..

iv.Change agents

vOne who searches for change, responds to it, and exploits it as an opportunity

viPeople who do not allow their own initial resource endowments to limit their options.

vii.Entrepreneurs need not be inventors. They simply need to be creative in applying what others have invented

c. Social entrepreneurs are one species in the genus entrepreneur. The difference between them & business entrepreneurs is the yardstick they use to measure success. For entrepreneurs, profit is central. This is because it provides a pretty damn good measure of the value it creates for society/the market/whatever. But for social entrepreneurs, profit is only a means to an end: it represents the way they will fund their social goals. Because of this, profit alone isn't a sufficient measure of value creation.

d. The article suggests the following 5-part definition of a what a social entrepreneur does:

i. Adopting a mission to create and sustain social value (not just private value),

ii. Recognizing and relentlessly pursuing new opportunities to serve that mission

iii. Engaging in a process of continuous innovation, adaptation, and learning,

1. Of course, with innovation comes uncertainty and risk of

- failure. Entrepreneurs tend to have a high tolerance for ambiguity and learn how to manage risks for themselves and others. They treat failure of a project as a learning experience, not a personal tragedy
- iv. Acting boldly without being limited by resources currently in hand, and
 - 1. They are skilled at doing more with less and at attracting resources from others. They use scarce resources efficiently, and they leverage their limited resources by drawing in partners and collaborating with others.
 - 2. They manage downside, have smart resource-mgmt strategies, and are good at spreading risk among their stakeholders
 - v. Exhibiting heightened accountability to the constituencies served
 - 1. Because market discipline does not automatically weed out inefficient or ineffective social ventures, social entrepreneurs take steps to assure they are creating value. This means that they seek a sound understanding of the constituencies they are serving
- and for the outcomes

III. Emerging Markets

- Need notes

IV. Tim Brown, Design Thinking

- Need notes

February 4, 2014 - NGO's

BRAC Case Study

- Three criteria to judge potential enterprises
 - must align with organization's mission to help lift people out of poverty
 - must compliment BRAC's existing programs
 - must meet a market need
- social enterprises are generally aimed to address market failures

Mercy Corps Q&A

- focus on post-crisis situations which offer big opportunities for change
- market based solutions help you tailor your solution to the local culture
 - "People are always the best agents of their own change"
- having an exit plan allows you to focus on sustainability and leaving a positive legacy

The Mercy Corps

- focus on partnerships with private companies
- value proposition: "intervening at point of crisis to help economically active populations provide innovative solutions to local problems"

- community mobilization - empowering local communities to solve their own problems
- “Donors are often more interested in finding something new and exciting rather than old and reliable.”

Yunus - Building Social Business Models

- Lessons similar to conventional business model innovation
 - challenging conventional thinking
 - finding complementary partners
 - undertaking continuous experimentation
 - recruiting social-profit-oriented shareholders
 - specifying social profit objectives clearly and early
- A business model includes
 - Value proposition - answers “Who are our customers and what do we offer them of value?”
 - Value constellation - answers “How do we deliver this value to our customers?”
 - Profit equation (economic profit equation and social profit equation)

Videos

Melinda French Gates: What nonprofits can learn from Coca-Cola

- If they can get Coke everywhere in the world, why can't we get medications/aid/etc. there?
- Coke's advantages
 - uses real-time data to adjust operations
 - good at tapping into local entrepreneurial market
 - marketing - appeal to family/unity
- Ethiopia health extension worker program

David Damberger: What happens when an NGO admits failure

- worked with Engineers Without Borders - Canada
- private sector: customer have power
- public: constituents have power
- development: beneficiaries do not have power; donors do → slow to innovate
- Solutions
 - invest in private and public sectors in developing world, but will take a lot of time
 - need to make development more accountable and transparent
- EWB started publishing an annual “Failure Report” to publicize failures to collect lessons learned
- Started <http://www.admittingfailure.com/> (with Ashley) for other organizations to post their failures
- “Has aid failed? Yes, but only because it hasn't failed enough.”

February 6, 2014 - Rule of Law

The Economic Consequences of Legal Origins

-

Doing Business in a More Transparent World

- Premise: economic activity requires good rules
 - establish/clarify property rights
 - reduce costs of resolving disputes
 - increase predictability of economic interactions
 - provide contractual partners
 - rules need to be efficient, accessible to all, and simply implemented
- Report focuses on 10 regulatory aspects
 - starting a business
 - construction permits
 - electricity
 - registering property
 - getting credit
 - protecting investors
 - paying taxes
 - trading across borders
 - enforcing contracts
 - resolving insolvency
 - employment regulations
- Key Findings
 - strong gains for entrepreneurial regulation in Sub-Saharan Africa
 - World-wide helpful regulations for businesses picked up, especially important for small and medium businesses which are the main job creators in many parts of the world
 - insolvency reforms were up in light of the global financial and economic crisis
 - new efforts for data/info transparency about economic regulation
 - over the past 6 years, 94% of the countries studied make their regulatory environment more business friendly

Afra Raymond: Three myths about corruption (video)

- Myth 1 - Corruption is not a crime
- Myth 2 - Corruption is only a small problem
- In Trinidad and Tobago - $\frac{2}{3}$ of development money not used for development
- “if you’re not outraged, you’re not paying attention”
- freedom of information is critical to fighting corruption

- alvatei.org is a collaborative database
- ipaidabribes.com in India

Is the scale of corruption in Africa a myth? (video)

February 13, 2014 -

Chimamanda Ngozi Adichie: The danger of a single story

- had only read foreign books → convinced that all books had to have foreign things in them
- discovery of African writers saved her from thinking that people like her couldn't exist in literature, from the single story
- her American roommate in college felt sorry for her before even knowing her: she had a single story of Africa
- the single story robs people of dignity - emphasizes how we are different instead of how we are similar

What's wrong with volunteer travel?: Daniela Papi

-

The Moral Imagination

- Discusses his choice of the *September 11* painting for the cover of his book
- Key question: How do we transcend the cycles of violence that bewitch our human community while still living in them?
 - we must understand the landscape of violence
 - we must explore the creative process itself
- "200-year present" - time from the birth of the oldest people you know until the death of your youngest family members
- discusses importance of placing the moral imagination in the context of *vocation*
- Studied other authors who have written about moral imagination
 - moral imagination allows you to go deeper than what meets the eye
 - the term *imagination* emphasizes the importance of the creative act
- "moral" is not religious or ethical
- "moral imagination is the capacity to examine something rooted in the challenges of the real world yet capable of giving birth to that which does not yet exist"

February 17, 2014 -

Katie Couric on how to conduct a good interview

- be a good host - put the person you are interviewing at ease
- don't ask yes/no questions
- think about how they might answer and what might be a good follow up question
- be a good listener
-

WHERE GOOD IDEAS COME FROM by Steven Johnson

- slow hunch - breakthrough ideas usually take a long time to evolve and spend a lot of time dormant in the background
 - good ideas come from the collision of other ideas
 - the internet = so many new ways to connect

April 3, 2014

Business in Armed Conflict Zones:

How to Avoid Complicity and Comply with International Standards

- selling chemicals in Iraq (even with civilian uses)
- businesses play direct and indirect roles in providing what is needed for wars
 - direct -
 - indirect - taxes, royalties, profit sharing
- haven't been looked at: prosecutors haven't looked at; high threshold of evidence
- a company is a "person" but not a "natural person"
- most businesses have no criminal intent, but can still be prosecuted for indirect aid
- Collier: wrong to neglect greed as an important aspect sustaining wars
- Businesses get protection from (and have obligations under) International Humanitarian Law (IHL)
- "Companies are not good or bad; the specific conduct of companies can be good or bad."
- how do we incentivise good behavior and discourage bad behavior of businesses?
 - Advise & inform
 - Collaborate
 - Promote
 - Incentivize
 - Warn
 - Prevent
 - Prosecute
- Businesses should be seen as part of the solution

INVESTING IN POST-CONFLICT ZONE STARTUPS JUST MIGHT SAVE THE WORLD

- \$100B cost of conflict

- USAID
 - reduce risk of return of conflict
 - accelerate well being
- 40% of conflict zones return to conflict within a decade
- Examples of investment opportunities in Rwanda (switching to English)
- provide hope through opportunity

Doing Business in Conflict Zones and Super Frontier Markets

- “super frontier markets” - those places which are highly unstable but offer potentially large returns for those investors who are brave enough to take the plunge
- in conflict, the military often serves either as a business or gateway to businesses
- lack of oversight/regulation → often leads to criminal activity

The Rise of Illiberal Democracy

- *Liberalism* - emphasizes individual liberty
- *Democracy* - rule of the people; accumulation and use of power;
 - temptation to believe in absolute sovereignty → centralization of power
- *Constitutional* - rule of law
- *Liberal Democracy* - free and fair elections; rule of law; separation of power, protection of rights
- *Illiberal Democracy* -
- *Constitutional Liberalism* - limitation of power; private property rights; rule of law; separation of power; free speech/assembly
- *Liberal autocracy* - i.e. Hong Kong
-
- Usurpation - government taking over certain aspects of societies, such as universities, particularly when one branch of government is overly strong
- pluralism in the past helps ensure political pluralism in the present
- common misconception: that the forces of democracy are the forces of ethnic harmony and peace → without background in constitutional liberalism, introduction of democracy foments nationalism, war, etc.
- democracy → compete for votes. if ethnic divides, often divide like that and exclude others
- “Democratic peace” - no two modern democracies have gone to war with each other
 - actually “liberal peace”
- American government
 - built to avoid the accumulation of power (assumes people cannot be trusted with power)
 - characterized by power of the minority (senate)
- Developing countries
 - elections are an important virtue of government, but not the only virtue → need to judge on constitutional liberalism as well
 - “markets and morals can work together” 41

- need to revive constitutionalism
- “there are no longer respectable alternatives to democracy” → problems of governance will be problems within democracy
- illiberal democracy: harms its people, and casts a shadow on liberal democracy

Charles Robertson: Africa's next boom

- Africa is booming
- Why now?
 - quality of leadership
 - easing of debt
 - western-led foreign direct investment
 - 18-24 demographic is growing in Africa over the next 30 years
 - most Africans now live in democracies
- corruption and poverty are closely correlated → we can make a difference in corruption by investing
- he projects \$2T to \$29T by 2050

April 15, 2014 - Corruption

Anas Aremeyaw Anas: How I named, shamed and jailed

- under cover reporter: his key objectives are to name, shame, and jail
- journalism is about hardcore evidence
- journalism must benefit society

Shaffi Mather: A new way to fight corruption

- lawyer; ambulance access for all
- new social enterprise: corruption/bribes
- people don't tend to bribe, they find themselves in that situation and give in just to get on with life
-

April 21, 2014

The Fortune at the Bottom of the Pyramid by C.K. Prahalad and Stuart L. Hart

- billions of aspiring poor → inclusive capitalism
- requires radical innovations
- leapfrog products to prevent environmental/other mistakes of past 50 years
- Assumptions:
 - poor are not target market because not profitable
 - poor can't afford or use developed products
 - only developed markets will pay for new technology
 - bottom of pyramid not important to business long term
 - managers aren't excited for socially minded business challenges
 - it's hard to find competent managers at the bottom of the pyramid
- focus on how to combine low cost, good quality, sustainability, and profitability
- essentials
 - commercial credit
 - communication networks
 - distribution systems
- MNC's
- putting it all together
 - resources
 - leverage
 - bridging
 - transfer
- Organizational elements
 - build local base of support
 - conduct R&D focused on poor
 - form new alliances
 - increase employment intensity
 - reinvent cost structures

Andrew Mwenda: Aid for Africa? No thanks.

- need to refrain challenge from despair (poverty reduction) to hope (creating wealth)
- need to put money where it can grow (foreign investment, research institutions, etc., not aid - primary health, primary education, food relief)
- we can't become rich by receiving alms
- external actors can only present an opportunity - only internal resources can realize that opportunity

Jacqueline Novogratz: Patient capitalism

- you're not able to solve everyone's problems; they might not want you to anyway
- failure is motivating
- importance of listening
- started businesses in Africa, increased incomes 3x

- dignity is more important to the human spirit than wealth
- traditional poverty and aid will not solve the problems of poverty
- markets alone will not solve the problems of poverty
 - believes all people deserve access to healthcare at affordable prices
- built Acumen Fund - charitable investing
 - \$20M in 20 enterprises, 20,000 jobs
- can't have bifurcation between "business" and "social" → need to fuse these together
-

Euvin Naidoo: Why invest in Africa

- what can business learn from high profile public leaders?
- "the only thing dark about Africa is our ignorance of it"
- single digit inflation
- can't say "invest in Africa" - 53 different countries, each with its own value proposition

Doing Business In Africa - Tanzania - Success Story

- effect of inflation in the context of the global recession
-