

to change the world

9/11 has shocked some US business leaders into tackling global issues, says Kevin Allison

In a country increasingly obsessed with expensive cars, expansive homes and other trappings of wealth, the world of economic development is often viewed as the quaint preserve of academics and adventurous spirits too idealistic or too soft-hearted to make a name for themselves in business.

Corporate leaders who turn to philanthropy after making it to the top rarely involve themselves directly in the difficult work of tackling poverty and social inequality in the poorest countries. Many have long preferred to write a cheque to their favourite charity or aid agency, leaving it to the experts to do the ground work.

But wealth managers say that is beginning to change. In the post-9/11 world, wealthy donors are beginning to show a greater interest in putting not just their money but their talents and time to work in the fight against poverty.

For Ronald Bruder, a serial entrepreneur, the decision to do something about poverty in the developing world followed an anxious day spent trying to locate his daughter in lower

Manhattan after the September 11 attacks.

"For most of the day I didn't know if she was alive," he says. "It started me thinking about what's going on in the world."

Mr Bruder, founder and chairman of the Brookhill Group, a New York real estate business, decided to focus his energy on coming up with a better way to create jobs in the Middle East.

Six months after 9/11, he spent \$10m and started the Education for Employment foundation, a non-profit group working with local partners to provide vocational training and jobs for graduates in North Africa and the Middle East.

With its sister foundation in Egypt, EFE is setting up a vocational school to train nurses and place them in jobs. The school is set to accept its first incoming class next year. Its graduates will be placed in jobs in Cairo and at a prominent hospital in New York.

The foundation is working on other vocational projects throughout the region, including a programme in Jordan to teach young people resumé writing and other employment skills.

Mary Duke, managing

director and head of wealth advisory services at HSBC private bank, says Mr Bruder is part of a trend of wealthy clients taking a hands-on role in development projects, particularly in the Middle East. "Several of our large relationships are keenly interested in doing something positive in the region. But giving globally isn't as easy as you would think," she says.

"Everyone wants to see as much of their contribution go to the cause with as little administration and overhead as possible."

That can make taking a hands-on role an attractive alternative for savvy business leaders with enough time and the right financial means.

Connie Duckworth, who retired as a partner after a 20-year career at Goldman Sachs, has combined her business sense and

a long-running interest in women's issues to launch an innovative approach to combating poverty and illiteracy in Afghanistan.

Arzu, Ms Duckworth's foundation, aims to provide literacy training and health-care to rural Afghan communities by helping women in remote villages profit from a valuable but under-employed skill – their generations-old tradition of rug weaving.

Arzu, which means "hope" in Dari, pays the women who make the rugs 50 per cent above the prevailing local price, then sells the rugs in the US through word of mouth and through its website at www.arzurugs.org.

In return for their wages, the woman's family pledges to register all its children for school. All the women in the household are required to register for literacy classes.

Ms Duckworth funded the foundation out of her pocket during its first year.

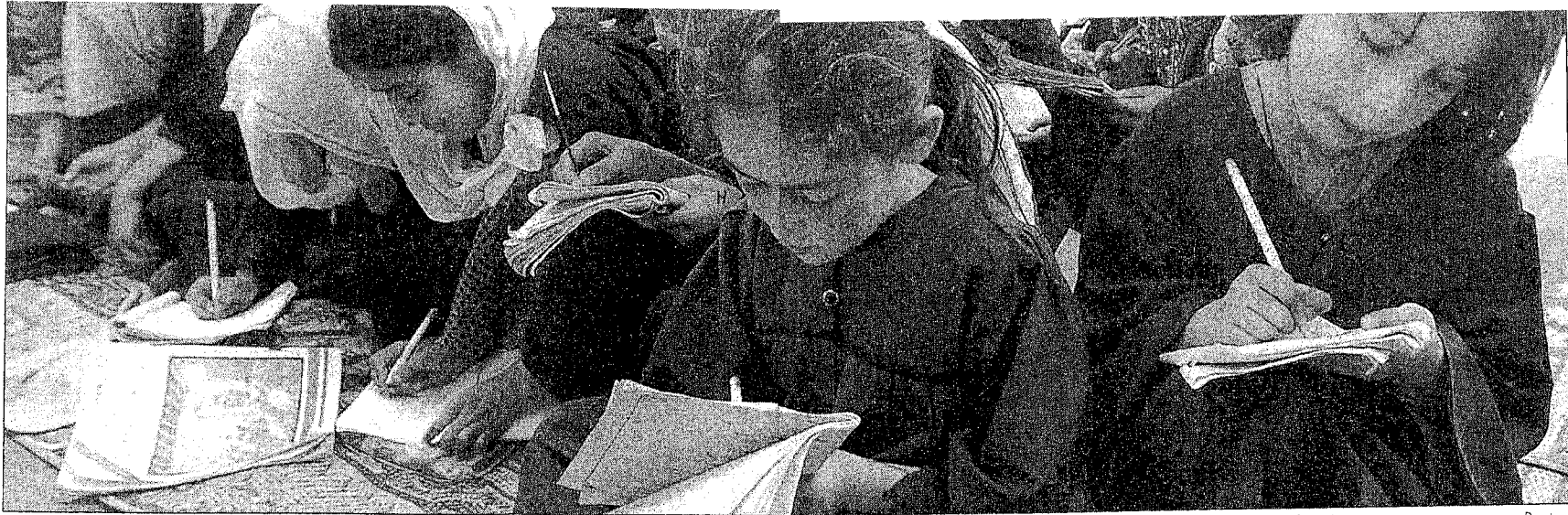
"It's the most interesting thing I've done in years," she says. "I've always been passionate about women's rights and women's issues. To be able to couple it with social entrepreneurship for the benefit of women, it's the perfect match."

Although EFE and Arzu operate strictly on a not-for-profit basis, their way of looking at things remains rooted in business, with a focus on results.

One of Ms Duckworth's insights at Arzu was to break the problem of rural Afghan poverty down into smaller, more manageable parts. "If you stop to think about the world of global poverty it is so overwhelming. People get frozen into inaction. You can't look at the whole."

By focusing on rug weav-

"Entrepreneurs who are out to change the world"
Financial Times, September 27, 2005



Learning curve: Afghan girls sit on the floor of their school in Faizabad, capital of poverty-stricken Badakhshan province, the country is one of the areas targeted by US philanthropists

Reuters

ing, one of few socially acceptable trades for Afghan women, Arzu was able to find a way into rural households.

By providing weavers with information about what patterns customers find desirable, working to increase productive capacity, and trying to create a distribution network, Arzu hopes to maximise the number of rugs sold each year.

Along with its literacy programmes, Arzu is taking advantage of its foothold inside rural Afghan homes to offer healthcare to new and expecting mothers in partnership with Save the Children, a children's welfare group. Such care is vital in a country where women have an average of 8 pregnancies and die at an average age of 44.

At EFE's nursing school project the focus remains on jobs. "The barometer of our

success will be how many nurses are gainfully employed," says Mr Bruder. A second, less easily measured goal will be whether EFE and its partners act as a force for change in the Middle East. "What we won't be able to skirt is how many people graduate from our schools."

Measuring success remains a key challenge for both donors and non-profits alike, says Mary Duke at HSBC. One wealthy family sponsored a project to build a well system in an African village. "It clearly had an impact," she says, "but the question is, what are the metrics you tie to success?"

Steve Beck, a former management consultant who is now vice-president at Geneva Global, a philanthropy advisory group, thinks he has the answer.

Geneva Global's approach

is to act like the research arm of an investment bank, providing independent analysis of development projects to help connect donors to those that offer the best returns.

But instead of measuring returns on equity, Geneva Global measures return in terms of the number of lives changed. To those used to financial ratios, that may sound fluffy but Mr Beck says a close examination of individual projects at the community level allows the group to quantify the number of people who benefit.

Mr Beck's hope is that more aid groups will start to apply an investment lens to development problems. "We still measure success in philanthropy by the amount given rather than the lives changed by the gift. We believe there is a tremendous wasted potential."