

TEMPLETON REPORT

NEWS FROM THE JOHN TEMPLETON FOUNDATION

January 7, 2009

In Kigali with the “Pioneers of Prosperity”

According to the United Nations, foreign investment in Africa earned an average return of 31 percent last year, the highest rate among the world’s developing nations. With numbers like these, Andreas Widmer argues, it is clear that the expansion of business, not foreign aid, is the key to raising the standard of living among Africans.

Widmer, one of the co-directors of the Cambridge, Massachusetts-based Social Equity Venture (SEVEN) Fund, was on hand on November 19 for the presentation of the 2008 Pioneers of Prosperity awards in Kigali, Rwanda. The SEVEN Fund, whose core funding comes from the John Templeton Foundation, helped to pick the six companies (from more than 1,400 applicants) that received \$350,000 in prize money. The point of the competition, said Michael Fairbanks, the SEVEN Fund’s other co-director, is to “create role models—entrepreneurs who are building great companies, employing people, and eradicating poverty.”



President Mwai Kibaki of Kenya presents the grand prize to Tokunbo Talabi, president of the Nigerian company Superflux International.

JTF provided the money for the inaugural round of awards in 2007 (to see *Unlocking Africa*, a documentary about the award’s first winners, visit http://www.legatum.com/unlockingafrica/vid_trailer640480.htm). For the 2008 competition, funding was provided by Legatum, a Dubai-based investment group. As Widmer explained, “Templeton was the first domino. Once they started to do this, other people joined in.” This year’s ceremony was dedicated to the late Sir John Templeton and was attended by both President Mwai Kibaki of Kenya and President Paul Kagame of Rwanda.

The grand prize of \$100,000, presented by President Kibaki, went to Superflux International, a Nigerian company that provides secure printing technology (for bank statements, ballots, and other documents) to companies and public entities around the world. When outsiders think of Nigerian companies, Widmer observed, they often think of Internet hoaxes. But Superflux has established such a strong reputation that foreign governments regularly use its services for printing secure documents.

The companies in the contest were judged according to four factors developed by Fairbanks. He refers to them as “COW-F.” Companies must know how to identify and serve the right *customers* (C). They should consistently generate above-average returns for their *owners* (O), for innovating and taking risks. They must provide sustainable employment, training, and growth opportunities for their *workers* (W). And finally, the companies should operate in ways that do not compromise the living environment for *future* (F) generations. In other words, they should pay taxes, invest in the local community, and not pollute.

Safi Cleaners of Uganda, one of the five runners-up to win \$50,000, also impressed the judges. The founder, Sapphira Nyabunwa, began her company by offering office-cleaning services to local businesses. Many of her workers have AIDS, and she can offer them flexible terms of employment. Over the years, she has continued to expand her services to include pest control, garbage removal, and even dry cleaning. Nyabunwa has “a very entrepreneurial mind,” said Widmer. “It’s inspiring to see her company grow.”



Eligibility for the awards is limited to mid-sized companies, with annual revenue between \$5 million and \$25 million, from ten African countries. Such companies, Widmer observed, are often overlooked by investors. Microfinance loans are available for people looking to buy a taxi or open a fruit stand, and big corporations take notice if a country happens to strike oil, but many foreign investors do not know about the companies in the middle. “We have to prove they exist,” said Fairbanks.

The SEVEN Fund is eager to let entrepreneurs and investors know that there is money to be made in Africa.

As *Business Week* noted, in a piece about the Pioneers of Prosperity awards, “Times are tough for small and midsize businesses,” but “for emerging businesses in Africa, the outlook is relatively bright.” Fairbanks himself has been active over the past decade in promoting business development in Rwanda, helping to market the country’s coffee, tea, and gorillas. As the *New York Times* columnist Nicholas Kristof recently wrote, Fairbanks has demonstrated that “a businessman can do good even as he does well.”

The Templeton Foundation has been very pleased with the results of the first two years of the awards program and now hopes to help plant the seeds of entrepreneurship in other regions. In 2009, the Foundation will be giving \$1.1 million to launch Pioneers of Prosperity awards in the Caribbean and Central America. As Charles Harper, JTF’s senior executive vice president, explained: “Poor people gain wealth on a large scale only through high-productivity economic activities, and that is what entrepreneurs create. They are the primary solvers of mass poverty—they should be held up as heroes.”

NOTEBOOK

Bhagwati, Gray, and Lévy Debate in London

The Templeton Foundation brought its current Big Questions campaign to London on December 3 with a well-attended debate featuring the economist Jagdish Bhagwati, the political theorist John Gray, and the philosopher Bernard-Henri Lévy. The discussion was moderated by Stephanie Flanders, the economics editor of the BBC, and asked the participants to reflect not only on their original essays answering the question, “Does the free market corrode moral character?” but also on the moral implications of the current international economic crisis.



In connection with the event, Lévy appeared on BBC radio and published a piece in the *Times* of London. A video of the exchange, which took place at the Institute of Directors on Pall Mall, can be viewed at <http://gaia.world-television.com/templeton/20081203>, and a transcript is also available. Articles based on the London discussion will appear in the February issue of *Philosophie Magazine* (Paris) and in the March-April issue of the *American Interest*. International coverage of the event and of the Big Questions campaign has included *USA Today*, the *Financial Times*, Canada’s *National Post*, and *Zenit*, the Catholic news agency.

The Templeton Foundation will co-sponsor another debate on this subject at the Brookings Institution in Washington, DC, on the afternoon of Thursday, February 5. Moderated by Brookings senior fellow (and *Washington Post* op-ed columnist) E.J. Dionne Jr., the panel will include two other Brookings senior fellows, Rebecca Blank and William Galston, and also William McGurn, former chief speechwriter for President George W. Bush and former chief editorial writer of the *Wall Street Journal*. For more information, contact Dominique Melissinos at 202.797.6178, or dmelissinos@brookings.edu.

Bring Back National Thrift Week!

In 1916, with World War I on the horizon, American civic leaders inaugurated National Thrift Week, an annual celebration of the American tradition of wise stewardship in economic matters. Sponsored primarily by the YMCA, the observances would begin each year on January 17, to mark the birthday of Benjamin Franklin, the “American apostle of thrift.” By the mid-1960’s, interest in the history and practice of thrift had faded, and the week-long observance disappeared.



The Templeton Foundation Press has now launched a campaign to “Bring Back Thrift Week,” working in collaboration with David Blankenhorn, who has led JTF’s much-discussed initiative on thrift (see the November 25, 2008 issue of the *Templeton Report*). Blankenhorn is the author of *Thrift: A Cyclopedia* and of *Franklin’s Thrift: The History of a Lost American Virtue* (with Barbara Dafoe Whitehead and Sorcha Brophy-Warren), both published by the Templeton Foundation Press.

As the “Bring Back Thrift Week” website declares, thrift “may be just the thing to drag us out of this recession, and once the economy rebounds and enters the next cycle of growth, our newfound appreciation of thrift will be crucial in keeping us on the right track. We will need to teach our children once more how to spend prudently, save abundantly, invest wisely, and give generously.” National Thrift Week will be observed in 2009, as in the past, during the week of January 17-24.

School Choice in India

In a recent issue of *Forbes* magazine, the American education expert Chester E. Finn, Jr., president of the Thomas Fordham Institute, wrote about the pioneering work of James Tooley in studying and supporting the development of modest, parent-funded private schools in India. Tooley’s original research on the subject was supported by the Templeton Foundation.

Most of the schools, Finn writes, “occupy sketchy facilities, sans playgrounds, labs, libraries and fancy technology. Many teachers are themselves just high-school graduates. The kids bring their own lunches. . . . But teaching and learning are occurring in those cramped and sometimes ill-lit classrooms. Eager youngsters, prodded by determined parents, are drinking in whatever knowledge and skills their books and teachers can provide. And while besting nearby government schools on state tests is no high accolade in places like Andhra Pradesh, most of these private schools are doing that at astonishingly low costs.”



For more information, write to communications@templeton.org.