



Cornell  
SC Johnson College of Business

# Overcoming Persistent Poverty and Malnutrition in Africa: How Business Can and Does Help



Christopher B. Barrett  
Cornell SC Johnson College of Business

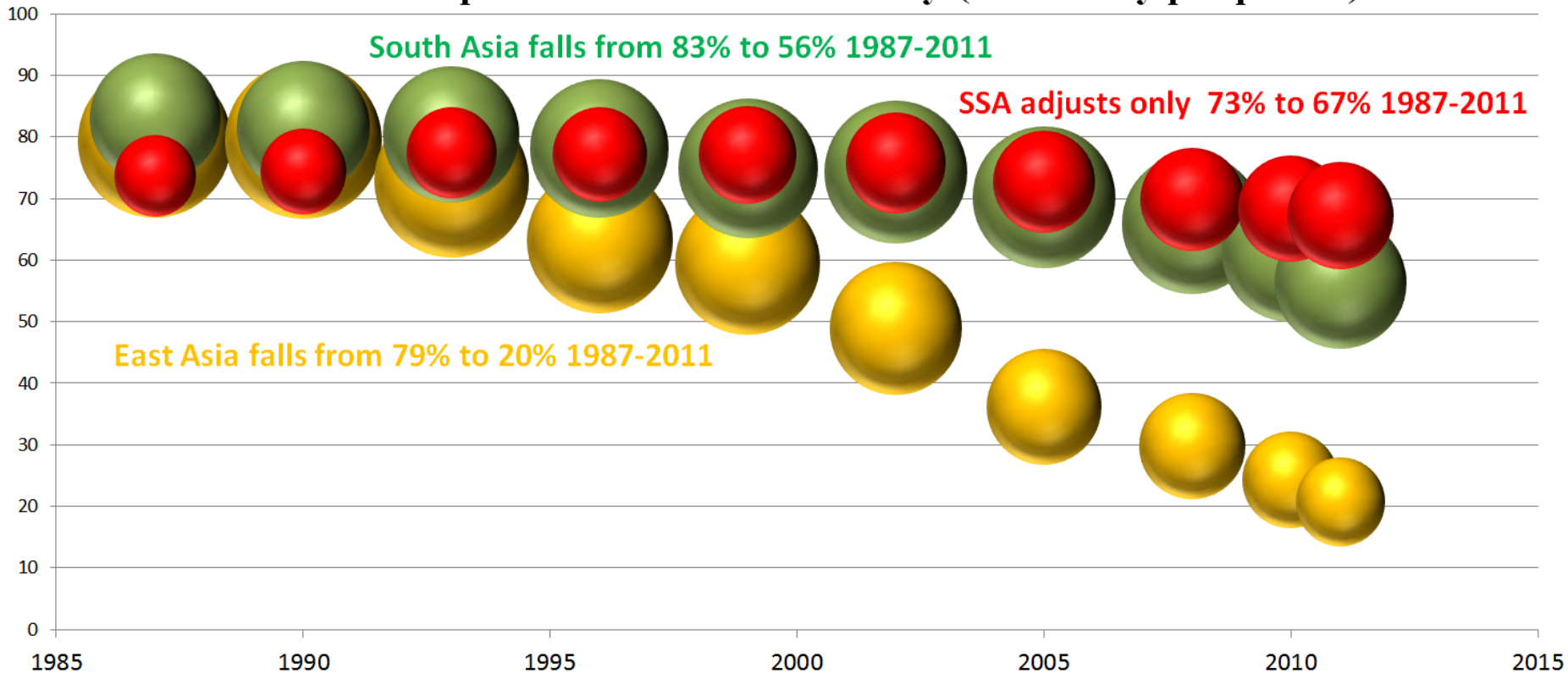
July 4, 2017

International Livestock Research Institute, Nairobi, Kenya



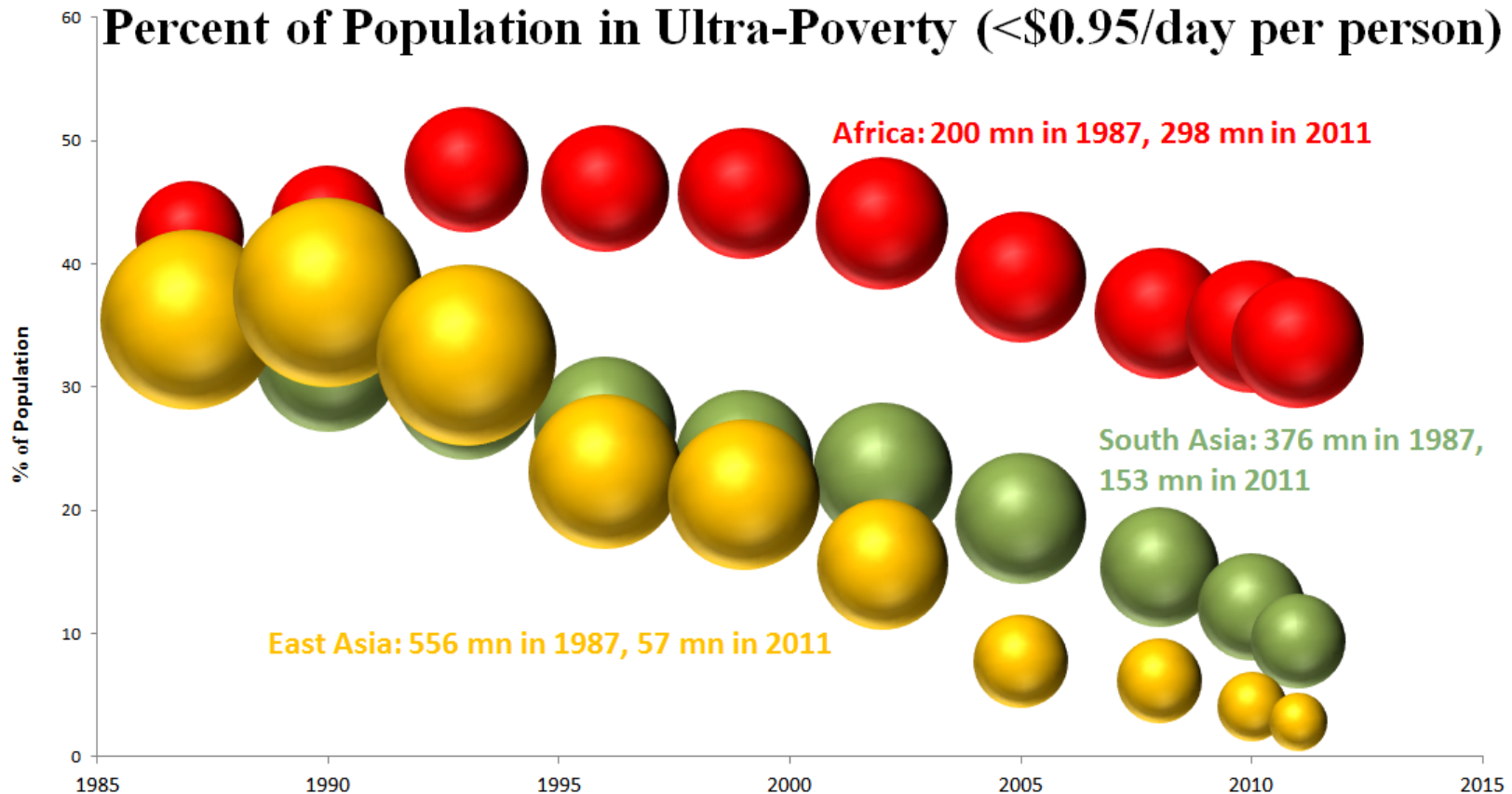
## Rapid, large-scale poverty reduction is possible ... just look at East Asia.

Percent of Population in Extreme Poverty (<\$1.90/day per person)





## Big challenge now is persistent, concentrated ultra-poverty ... in sub-Saharan Africa.



**In 1987 Africa was home to 17% of the world's ultra-poor ... but share grew to 57% by 2011**



## Reasons:

### Humanitarian/ethical

- Golden rule

### Security/geo-political

- Prospective insecurity

### Environmental

- Conservation of forests, biodiversity, wildlife

### Health

- Controlling pandemics

### Economic

- Future customers/suppliers/workers





## How do people escape chronic ultra-poverty?

- Early childhood health and nutrition
  - Education
  - Finance: savings, insurance, credit
  - Technological innovations
  - Market access
  - Inclusive sociopolitical transformation
- ... empower the poor to invest in human capital and then to enhance their labor productivity





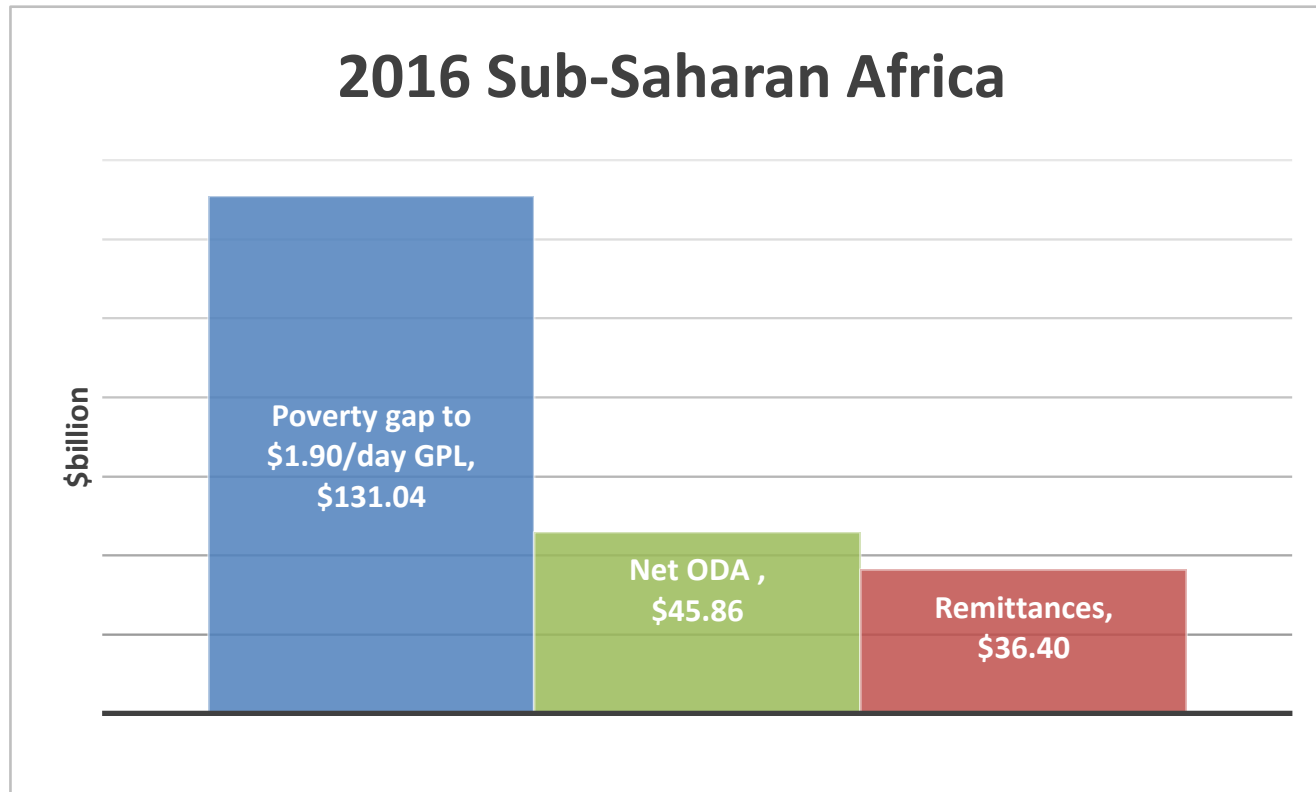
**Net humanitarian/development aid:  
only ~7.5 ¢/day pc (overstated due to “tying”)**

**Private gifts (foundations, companies and NGOs):  
only ~ 6 ¢/day pc**

**The BIGGEST benefits come from new technologies,  
remittances, private investment, better institutions  
... mostly from private enterprise and individuals**



**We can't close Africa's poverty gap with aid ... even if perfectly targeted = only ~35% of gap.**





## Businesses and business schools increasingly define themselves around ‘grand challenges’

### 1. Blur Boundaries Between Academia and Practice

1. Co-create Knowledge
2. Engaged experiential learning

### 2. SDGs underpin 6 core [Principles for Responsible Management Education](#):

- **Principle 1 | Purpose:** We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.
- **Principle 2 | Values:** We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.
- **Principle 3 | Method:** We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.
- **Principle 4 | Research:** We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.
- **Principle 5 | Partnership:** We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.
- **Principle 6 | Dialogue:** We will facilitate and support dialog and debate among educators, students, business, government, consumers, media, civil society organisations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.



3. Merge and mix disciplines in **problem-oriented research**
4. Look for **intellectual contributions that generate impact**
5. As gov'ts increasingly dysfunctional ... must help **provide public goods.**





## Cornell SC Johnson College is well positioned to help organizations address poverty and food insecurity.



### Our history:

- The 1<sup>st</sup> “American university”: founding ethos of “any person, any study”
- Only Ivy League + Land Grant
- Entrepreneurship: incubate/advise founders of, e.g., SC Johnson, Lyft, Gannett, etc.

### Our future:

- Problem-focused, engaged, collaborative.
- Mobilize people/capital to ideate, innovate, invest and have impact at scale
- Recruit the best, make them better

**We welcome partners!**





**“Most of the people in the world are poor, so if we knew the economics of being poor we would know much of the economics that really matters. Most of the world’s poor people earn their living from agriculture, so if we knew the economics of agriculture we would know much of the economics of being poor.”**

**- Theodore W. Schultz**

**Opening sentences of 1979 Nobel Prize in Economics lecture**



**Agriculture is quintessential private sector. The CGIAR is a crucial bridging institution between private/public and across borders.**



For more information visit [www.ilri.org/ibli/](http://www.ilri.org/ibli/)



## Index-based livestock insurance to protect vs. drought

- Based on remotely sensed NDVI (NOAA product)
- Individuals buy policies to protect their herds
- Private underwriters, global reinsurers
- Commercial pilot in 2010; worked in 2011, 2015, 2017 droughts
- Scaled out to Ethiopia and nationally in Kenya; Takaful version
- Major, positive effects in both countries: 12-20x the marginal benefit/cost of cash transfer programs; reduced adverse coping.



## Cell phones, internet, mobile money improving lives:

- Improved early warning systems, delivery of emergency aid
- Small farmers/traders can find best prices: ECX
- Agricultural extension/health message delivery
- Call centers and back office data entry
- “the spread of mobile money helped raise at least 194,000 households out of extreme poverty, and induced 185,000 women to switch into business or retail as their main occupation.”

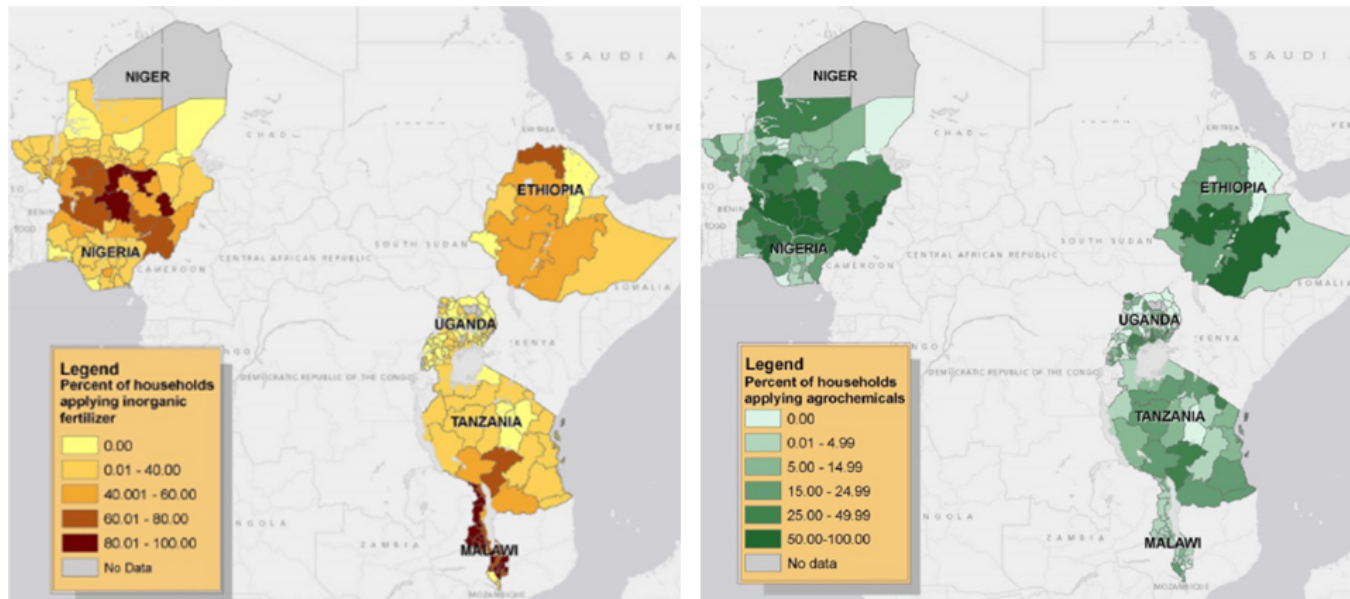
– Suri & Jack 2016 *Science*





## Commercialization of food value chains is beginning to transform parts of rural Africa:

- Contract farming and retail revolution ... rise of value addition and spread of higher-value commodities. Essential to feed an urbanizing population.
- Rapid spread of fertilizer, agrochemicals and improved seed



Source: Sheahan and Barrett *Food Policy* 2017



## Energy availability is low and unreliable, costs high:

- Food and agro-input prices increasingly affected by fuel costs
- Village-scale pyrolysis for local bio-fuels
- Distributed production/storage key
- Solar especially valuable for schools





**To meet the Grand Challenges of our time, the world must mobilize private capital, innovation and talent.**

**Business colleges, like CGIAR Centers, are well suited to span the research-implementation divide and assist.**

**But we must both adapt to meet this challenge/opportunity.**

Cornell SC Johnson College of Business vision:  
We inspire leaders to build sustainable, shared prosperity.



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# Our Business is a Better World

