

NETWORK Connection

PEOPLE LOBBYING FOR SOCIAL JUSTICE • SECOND QUARTER 2011



**Working Together to
Address Global Poverty**

dear members

I hope that in time we will look back on these first few months of the 112th Congress and see that the Spirit was indeed breathing over the chaos and making something new. Right now, however, all we can see here on the Hill is chaos!

It has been very challenging trying to discern how to make a difference in the public discourse. We have been outraged that the Republicans, who in December insisted on continuing tax cuts for the wealthy, started harping in January on the debt and deficit as if this were a new issue. We are working valiantly to keep the common good and the needs of those at the economic margin of our society in the mix of political discourse. But in this challenging time, what keeps us going?

To be quite candid, YOU keep us going. That there are members of NETWORK all around the country who care about our issues sustains us in our fatigue (and frustration). Messages we get from "outside the Beltway" give us a lift. Only by doing this work together can we make something new! Thank you for that support!

Simone Campbell, SSS



BARTOSZ HADYNIAK

"Women and girls around the world face great challenges. They bear an unjust burden and this must change for the benefit of all humanity. We must act with common purpose and speak with one voice to change global policies and global wills so that gender justice and an end to poverty can be achieved."

—Archbishop Desmond Tutu, 2008

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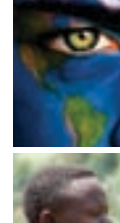
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NETWORK

A National Catholic Social Justice Lobby

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The Need to Rethink Foreign Aid

BY SIMONE CAMPBELL, SSS

For many years there has been talk in D.C. about reforming how the United States does foreign assistance. The questions are: What sort of assistance makes good foreign policy, and what are the obstacles to achieving this goal?

This is a complicated policy area that involves Congress and domestic politics, as well as the administration and foreign policy concerns. It also involves many non-governmental organizations (NGOs)—like Catholic Relief Services—that do the actual development work in a variety of countries. Then there are groups like NETWORK, which have a policy perspective of what should be done, but no vested interest in getting contracts to fund future work. At times, this can be a very crowded field in which to try to have an impact.

Before I moved to D.C., my ideas about “U.S. foreign aid” were quite like those of most Americans. I, like mainstream America, knew that we are a generous people as evidenced by the donations when there is a natural disaster. I also thought, like most Americans, that about 25 percent of the federal budget went to aid other nations. When asked, Americans say that it should only be about 10 percent of the budget and that this would be an area for cutting

expenditures. I also thought that the goal of foreign aid was to give a boost to countries that were in need, especially the poorest nations of the world. As with many of my pre-D.C. thoughts, I have had to revise how I view what we actually do as a nation.

First of all, only about one percent of the federal budget goes to foreign development aid. (It is commonly said in the Washington NGO community that they wish it would be the 10 percent that the American people say they want it to be!) This actual one percent is scattered among a variety of departments and agencies and programs and not all administered by the U.S. Agency for International Development (USAID) or the State Department. It should also be noted that about one-third of the “foreign aid” is actually military assistance that is cash given to foreign governments to support their military. Ninety percent (\$1.4 billion) of this military assistance in 2008 went to four countries: Afghanistan, Iraq, Israel and Egypt. This leaves only about 0.6 percent of the federal budget in actual development assistance!

Helping the Poorest Nations?

But what actual development aid goes to the poorest nations? In researching this article, I discovered that there are a variety of measures to choose the absolutely poorest nations. Some of the factors considered are: gross domestic product, international indebtedness, average resident income, and percentage of people living on \$1.25 per day or less. There is a consensus list that includes all of these

measures, and the Central African Republic, Liberia, Niger and Sierra Leone top this list of poor nations. They are closely followed by Burundi, Democratic Republic of the Congo, Eritrea, Somalia and Zimbabwe. When I looked up the amount received

by each government, I discovered that in 2008 these nine poorest nations on earth only received 2.15 percent of the total of U.S. aid given to other countries. This is a very distant reality from what I thought to be true.

In contrast, Iraq and Afghanistan are the top two aid recipients and get one-third of all aid (for both military and development assistance). Now, I have lobbied Congress for this as an effective peace-building strategy so I am not arguing that this should be reduced. Rather, I am aware that this foreign aid is about balancing a military response and enabling our nation to withdraw military forces without creating greater levels of violence. While this is a laudable goal, I don't believe that this is what Americans envision when we think of development assistance.

The top recipients of aid after Iraq and Afghanistan surprised me. Israel is number three and Egypt is number four. These recipients evidence a geopolitical concern of the United States. They both receive the bulk of their aid in military assistance in an effort to maintain a balance of power in the Middle East as the peace process drags on. In Egypt, this turned out to be beneficial for the activists in the 2011 Egyptian uprising. The Egyptian military, trained in western ways and organized as separate from the president's administration, was not as



SIMON OXLEY



STACY ABLE

repressive as the internal police. It was reported that the Egyptian military leadership was used as an international conduit to President Mubarak and helped to secure his resignation. Thus the training of the military and their dependence on western funds were beneficial for the Egyptian people and for U.S. interests. While this can be seen as a good thing for the U.S., it is not about supporting poverty-stricken countries.

The U.S. interest in maintaining the status quo in the Middle East also drives the decision to give \$850 million in aid to Jordan and \$575 million to the Palestinian West Bank. This gives almost nine percent of the aid budget to five factions in the Arab/Israeli conflict. When you add in Iraq and Afghanistan this is 40 percent of the entire foreign assistance budget. And we have not even included the billion dollars given to Pakistan in 2008.

Finally, we should note that Russia, Sudan, Tanzania and Ethiopia each got over \$1 billion in 2008. They were followed by Colombia, Mozambique, Kenya, Morocco and South Africa, each of which received more than a half billion dollars.

In total, 16 nations received 63 percent of the foreign assistance paid by the United States in 2008. Only a couple of these states would qualify as economically challenged, but most are of interest to the U.S. for some other reason. It appears that unrest (or the threat of unrest) in regions with natural resources gets development dollars to flow in. This can certainly be said to be true for Sudan, Ethiopia, Colombia, Kenya and South Africa.

The Need for Reform

My research indicates that the decision about who gets foreign aid is much more about broader geopolitical interests of the United States and much less about the dire need of many countries. While this can be a laudable political assessment, it does not measure up to the image of the majority of Americans who believe that their country generously gives to the poorest countries in the world. No wonder there has been talk about reforming the system! But what

MIE AHMUT



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Clockwise from top: Laborers in Badakhshan, Afghanistan; Zakho City in Kurdistan, Iraq; a Jerusalem street.

would a new system look like?

In the 2009 encyclical *Charity in Truth*, Pope Benedict highlights that development calls for a multidisciplinary approach that embraces the economic, social and political realities. The Pope underscores that all humanity has a RIGHT to food, clean water and meaningful work. He goes on to point out that both governments and people who control the markets are morally required to prioritize these needs. Therefore it is up to both governments AND corporations to respond to the needs of those with the least in our world. To embody this teaching at the governmental level, U.S. foreign assistance must be reformed.

I propose that the goals of the United States be clarified and programs funded under those goals. Peace-building in Iraq and Afghanistan as well as Middle East stability are all laudable goals. They need to be articulated and funded.

But just as important are the dire economic needs of the poorest countries in the world. The U.S. signed on to the Millennium Development Goals that were designed to reduce this abject poverty. Now our government needs to articulate this goal specifically and fund it appropriately. If we are clear on the goals, then maybe the American people will better understand what is happening AND be willing to support it. This would make the U.S. a real leader in the world AND be in harmony with what the American people think their government is doing.

Simone Campbell, SSS, is NETWORK's Executive Director.

Addressing Global Needs through Market-Minded Development

BY HIMA BATAVIA, JUSTIN CHAKMA, HASSAN MASUM, & PETER SINGER

The Acumen Fund was founded in 2001 by Jacqueline Novogratz, an American who had previously worked in Africa as a consultant for the World Bank and UNICEF. Since then, and despite some problems along the way, the fund has grown to serve people around the world through its investments of venture capital in businesses that provide low-income communities with critical goods and services. This is one of many models of development that show how public and private funding can work together to address the effects of global poverty.

In Acumen's start-up years, several of its investments in early-stage health technologies failed. The firm also faced skepticism, due to its limited size and unproven ability to scale up investments. Yet skepticism about Acumen has faded as interest in social enterprise and impact investing has grown. Acumen is now recognized as the SVC

(social venture capital) pioneer. In 2009, Jacqueline Novogratz was named one of *Foreign Policy's* 100 Top Global Thinkers. And in 2010, U.S. Secretary of State Hillary Clinton hailed the fund for creating an "innovative approach [that combines] philanthropy and capitalism."

Over nine years, Acumen deployed \$48.6 million across 50 investments in the health, energy, housing, agriculture, and water industries in East Africa, India, and Pakistan. Its global health portfolio is the largest, accounting for roughly 55 percent of the fund. The nonprofit Acumen Fund also manages Acumen Capital Markets, a limited partnership launched in November 2009 that provides debt, convertible debt, equity, and quasi-equity financing for the more commercial investment opportunities from Acumen Fund's investment pipeline.

SVC's appeal has grown as the recent global economic crisis prompts a search for more effective uses of scarce capital. "Nobody's giving charity away," says Biju Mohandas, Acumen's East Africa manager. "The idea of making investments in a business that will provide social good and give financial returns is like a utopian dream. Everybody wants to do it."

Finding a Niche

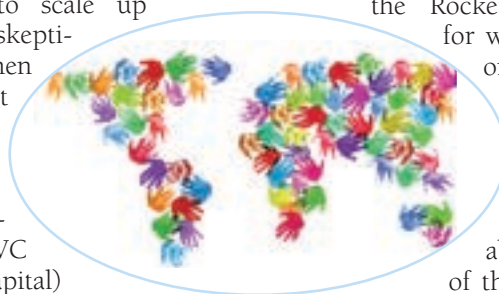
The idea for the Acumen Fund crystallized in 1999 while Jacqueline Novogratz was leading a workshop with the Rockefeller Foundation for wealthy individuals on effective philanthropy in Washington, D.C. Her past experiences had given her strong opinions about the power of the market and the limitations of charity and aid.

She was convinced that a third way was possible—one that combined the discipline of the market and the ethical motivations of charity.

After the workshop, Novogratz pitched the SVC model to her boss, Sir Gordon Conway, then president of Rockefeller Foundation. Conway was particularly interested in how Acumen would

differentiate itself from foundations. "We wouldn't simply make grants," she told him. "We would invest in entrepreneurs who have vision and ability to solve local problems with market-driven ideas and approaches. We wouldn't focus on specific 'projects,' but instead direct our efforts toward building strong organizations that we would gradually help bring to financial sustainability."

Convinced of the model's merits, the Rockefeller Foundation along with Cisco Systems Foundation and three Silicon Valley philanthropists committed \$8 million in seed funding. In April 2001, the Acumen Fund was registered as a 501(c)(3). Novogratz's decision to pursue a nonprofit structure gave the firm the flexibility to pursue risky investments that demonstrated the potential for social impact and financial sustainability, without the pressure of attaining traditional venture capital (VC) returns. Although this meant Acumen would



WORLD MAP: SZE KIT POON / BIHAR, INDIA: JEREMY RICHARDS



need to fundraise to sustain itself as a nonprofit organization, room for experimentation with new business models was worth the trade-off. “When we started in 2001, it was a pretty uncrowded field. We were pretty much one of the only—well, maybe the only player at the very beginning,” said Novogratz in a March 2009 *McKinsey Quarterly* article.

Acumen’s first investments focused on early-stage health technologies that

of a “socially responsible license,” which would grant the nonprofit Sustainable Sciences Institute royalty-free rights to the technology in developing countries, while UC Berkeley retained the rights in developed countries. Although the idea was a radical departure from traditional intellectual property management methods, the university accepted the proposal. The license has since been used in roughly 15 similar agreements, setting a

precedent for UC Berkeley to consider both social and financial returns in its valuation process. But shortly after the investment was made, Acumen found that the academic team was unable to commit sufficient development time to field tests. This led to milestone slippages and cost overruns. Ultimately, the prototype never

reached the field. “It became apparent very quickly that you don’t just come up with products—you also need to have a full value chain, including marketing and distribution, and a team behind you,” says Omer Imtiazuddin, Acumen’s health portfolio manager. Traditional investments in early-stage health technologies require long timelines (i.e., 12 to 15 years) and deep pockets, two things Acumen didn’t have. “We were learning,” says Novogratz. “By the end of the first year, we had modified our approach.” Acumen shifted to late-stage enterprises in health delivery and manufacturing—enterprises facing business execution challenges, such as inefficient distribution, ineffective supply chains, inadequate pricing models, and an absence of economies of scale. The firm also recognized that grants were not as effective as disciplined investment structures, such as debt and equity. Awarding grants meant no expectation of repayment, hindering the ability of the fund to recycle financial returns into new investments.

This novel style of investing was termed “patient capital” by Novogratz. Moving forward, Acumen’s investments would typically exceed the four- to six-year timeline set by many traditional funds, because of complexities of enterprises operating at the base of the pyramid. The idea was that being patient with capital improved the chances for social and financial returns as well as breakthrough business models suitable for scale and replication. The question remaining was where to find compatible investments.

Deal or No Deal

Good investment opportunities—ones that met Acumen’s criteria of reaching at least one million people and being both financially sustainable and scalable—were difficult to find in developing countries. To overcome this barrier, Acumen opened country offices in India and Pakistan in 2006, followed by East Africa in 2007.

Despite taking a minority stake in most of its investments, Acumen’s hands-on management support is costly.

To deal with its high management costs, Acumen is shifting toward making larger investments, ranging from



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could deliver a global health impact. “In the first few months, we sifted through more than 700 possible leads from around the world,” says Novogratz. “Most fell short, either because we could see no path to long-term sustainability or because they had little chance of serving more than a few thousand people.” Feeling discouraged, Novogratz sought advice from a friend and CEO in the health care sector. “Just start,” he told her. “Don’t wait for perfection. Just start and let the work teach you.”

In 2002, Acumen provided a \$425,000 grant for a low-cost point-of-care diagnostic for dengue fever that was being developed by Dr. Eva Harris and her colleagues at the University of California, Berkeley. With the World Health Organization estimating that 2.5 billion people were at risk of contracting dengue fever, the tool passed the test for market potential and global health impact. Harris proposed the idea



CLAUDIA DEWALD

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But shortly after the investment was made, Acumen found that the academic team was unable to commit sufficient development time to field tests. This led to milestone slippages and cost overruns. Ultimately, the prototype never

\$500,000 to \$3 million. The fund believes that this approach will fill the gap between microfinance (up to \$10,000) and commercial financing (often \$2,000,000 or more) found in developing countries.

Funder and Friend

Following the closing of an investment, Acumen's focus shifts to defining metrics that measure social impact and to identifying a business's weaknesses. The idea is to "set the bar high with strict goals, while providing the management support to help these enterprises achieve their objectives," says Imtiazuddin.

In 2007, when the firm invested \$1.9 million of equity in LifeSpring Hospitals, an Indian maternal and pediatric care hospital network, the goal was to scale the established model from six locations to 30 by 2012. The clinics are small, holding only 20 to 25 beds, and new locations open at a cost of \$100,000. LifeSpring's "no frills" model has lowered the price of maternal health services by as much as one half compared with the average private health clinic in India. It does this by employing 180 standardized clinical and operational processes, purchasing equipment and materials in high volumes, and employing auxiliary nurse midwives instead of graduate nurse midwives. In addition, the hospital's staff is equipped to handle only regular pregnancies, referring more costly, high-risk pregnancies to partner hospitals. In a country where antenatal care coverage and institutional deliveries comprise less than 40 percent of the population, creating additional capacity for standard maternal health treatment was a no-brainer.

Acumen decided the primary evaluation metric of the company would be women who delivered their second child at LifeSpring and whose first child was delivered at home. Then, in 2008, LifeSpring's expansion plans were stalled by difficulties in recruiting qualified staff. To assist with operations, Acumen Fund Fellow Tricia Morente was sent to LifeSpring's head office in Hyderabad, India. Morente, a former management consultant and graduate of Columbia University's Graduate School of Business and School of International and Public Affairs, helped LifeSpring open two new



locations, and then signed on as a full-time employee.

The Acumen Fund Fellows program has become one of its most valuable assets. Launched in 2006 with support from Google.org and Katzenbach Partners LLC, the 2010 program attracted more than 600 applications from 60 countries for 10 spots. The fellowship involves eight weeks of leadership training at Acumen's New York City headquarters and 10 months in the field with an Acumen investee to tackle a critical business issue. "They become the eyes and ears on the ground. They're able to flag for us and bring attention to areas that need shoring up," says Mule.

In September 2009, LifeSpring opened its ninth location in Chilkalguda, Hyderabad, and in the first quarter of 2010 the company reported 70,000 mothers served and 5,000 babies delivered. Currently, it is in discussions with the Indian ministry of health to expand to 500 districts in the country. As LifeSpring expands, the potential for exit opportunities will become clearer. "I cannot understand why any conventional venture capital or private equity firm would not be interested in LifeSpring when it reaches 30 hospitals," says Imtiazuddin.

Power Network

Acumen's fund may be small, but its network of investors, directors and advi-

sors is powerful. The group draws from philanthropy, finance and high tech; it forms a veritable who's who of the global health and private equity sectors.

Acumen donors (called "partners") contribute tax-deductible capital to the nonprofit fund, and board members reportedly finance 100 percent of Acumen's administration and fundraising costs. Acumen's network is also drawn on for financial investment, management support, and potential co-investor, supplier, or customer partnerships. For instance, in 2008 when the Kenya-based enterprise Botanical Extracts EPZ (BEEPZ) was on the verge of running out of money to produce antimalarial medicine ingredients, Acumen invested \$2.25 million in bridge financing. It then tapped into its network to attract co-investors.

Looking Forward

Among Acumen's health sector investments, three have grown to be quite large, A to Z, BEEPZ, and Insta Products.

Other investees are facing hurdles. Partnering with local governments can mean accepting corrupt practices. Seeking new or traditional investors can lead to higher profitability, but perhaps at the expense of serving poor communities.

Although Acumen has not achieved sustainability and only profitably exited one investment in its health portfolio (A to Z), it is aiming for a financial return

of 1 to 1.5 times on its investments. Achieving a return of 1.5 times would make Acumen sustainable; less than that would force the fund to find new investors. It is still too early to assess exit strategies from portfolio companies in which Acumen has invested because most investments were made between 2007 and 2009. But Imtiazuddin says the most likely exit options will be to sell equity stakes back to investees, sell companies to multinationals or local governments, or attract commercial follow-on financing. Selling shares of the company to the public, in an initial public offering, is doubtful.

between scale and the nimbleness to make quick decisions will be important. “Right now we have the ability to convene our investment committee and make a call on an investment of less than \$750,000 in three days’ time, and that is not something that our peers who are larger can do,” says Trelstad. “When we think about scale, it is not just how big our portfolio is,” or what Acumen’s financial return can be, says Novogratz. “It also is increasingly important to consider the level of influence we are having in the world.”

Acumen now has competition from an emerging SVC sector. In June 2009,

such as the Tandem Fund, Venturesome Fund, Bridges Ventures, and Gray Ghost Ventures, share some similarities with Acumen, but differ in geographical and industry focus and range widely in terms of social and financial returns.

Despite broadening into more commercial financing activities with the launch of the for-profit Acumen Capital Markets fund, Acumen remains committed to social impact and philanthropy. “Once you’re driven just by profit, you’re likely to make different decisions about, say, what income levels you need to serve,” says Imtiazuddin. Acumen has considered a more decentralized model, in which country offices would operate and fundraise more independently, but there are no plans to transition completely to a for-profit enterprise.

Novogratz believes social venture capital is here to stay. “I could talk about reducing the price of malaria nets,” she says, “but I think we need to get away from ‘\$10 will save a life’ and other slogans that fit on a T-shirt. Instead, we need to build lasting solutions that fundamentally change the system, so that everyone can thrive without having to be dependent forever on charity.”

There is no doubt that Acumen is an innovator. But so far its achievements have been small in scale, and primarily in the design of new business models for health manufacturing and delivery. Whether these business models reach significant scale or inspire governments, multilateral health organizations, and commercial financiers to reinvent health systems will determine social venture capital’s future role in global health.



Over nine years, Acumen claims to have improved the lives of 36 million people in developing countries. Yet this claim is based more on anecdote and measurable outputs than on data-driven evidence that buyers, customers and patients of its investments in health services and products are better off. Until health outcomes can be better assessed, it is difficult to quantify Acumen’s true impact—a challenge common to a large portion of the global health sector.

Acumen intends to grow the size of its funds to \$250 million in the next five years, and to expand into new geographies and sectors. Achieving a balance

a \$57 million Africa Health Fund was launched by the London-based private equity firm Aureos Capital, with backing from the International Finance Corporation, the African Development Bank, DFG, and the Bill & Melinda Gates Foundation. The fund made its first investment in February 2010, investing \$2.66 million of quasiequity in the Nairobi Women’s Hospital to buy out management and build three more locations. Going forward, investments will focus on late-stage health delivery enterprises in Africa that have the potential to achieve a 10 percent to 15 percent annual return. Other SVC funds,

Hima Batavia and Justin Chakma are research officers at the McLaughlin-Rotman Centre for Global Health in Toronto. Hassan Masum is a senior research analyst at the McLaughlin-Rotman Centre, and Dr. Peter Singer is the centre’s director as well as CEO of Grand Challenges Canada, a nonprofit dedicated to improving the health of people in developing countries. This article is adapted with permission from “Market-Minded Development,” which appeared in the Stanford Social Innovation Review, Winter 2011.

Congress and Our Nation Must Decide—Will We Really Balance the Budget on the Backs of People in Poverty?

By NETWORK's ISSUE STAFF

As this issue of *Connection* went to press, Congress had just returned from their March recess. The issue of government funding for the remainder of fiscal year 2011 continued to dominate discussion on the Hill. Meanwhile, Congress must also address the issue of raising the debt limit and begin the appropriations process for fiscal year 2012, so the debate over the appropriate size of government is just beginning.

Partisanship is flourishing right now, as Democrats and Republicans try to ensure that their side will not take the blame for a government shutdown, rising deficits or the expanding debt. Republicans are attempting to paint the Democrats as fiscally irresponsible, claiming they do not want to cut spending at all. Democrats are claiming that Republicans are unwilling to compromise because the Tea Party is holding more moderate members hostage. And the battle continues...

Federal Budget

Because of the chaotic nature of the budget debate thus far, it is unknown what cuts will happen and when those cuts will go into effect. However, certain programs have consistently been threatened with cuts or elimination in an effort to garner budget savings on the backs of those who are poor and vulnerable.

Programs targeted for cuts by both Democrats and Republicans include: the Low Income Home Energy Assistance Program (LIHEAP), Community Development Block Grants (CDBG) and Community Services Block Grants (CSBG). These are just a few programs that are threatened, and their proposed cuts or elimination serve as yet another reminder of the barriers that low and moderate income people face, especially during times of high unemployment and

our current, continuing economic recovery.

NETWORK continues to call for responsible budget deficit reduction measures that ensure individuals are not pushed further to the brink of poverty. Congress must examine all deficit reduction options, including military spending cuts and revenue increases, as a means to create a more perfect union that serves the common good.

Debt Limit

The Treasury Department announced that the debt limit could be reached as early as mid-April. The Treasury can, through some accounting maneuvers, postpone reaching the limit for some time. But Congress must vote to raise the limit before it is reached, or the United States will not be able to fund its obligations. This is expected to be a contentious political vote since many members of Congress have indicated that they will try to extract concessions from Democrats in exchange for their vote to raise the debt limit.

A particularly dangerous concession that has been proposed is a balanced budget amendment, which could limit future generations' ability to respond to crises such as economic recessions. NETWORK does not support the passage of a balanced budget amendment.

Afghanistan

NETWORK continues to push for the fulfillment of the president's promise to withdraw troops from Afghanistan starting in July of this year.

Approximately 97,000 American troops remain



RYAN RODRICK BEILER

in Afghanistan. In early March, Defense Secretary Robert Gates stated that while the U.S. plan to withdraw troops in July was still on schedule, the transition would be slow and gradual, with troops remaining until the end of 2014 to assist the Afghan military. Under Secretary of Defense Michèle Flournoy stated that she expected President Karzai would soon announce the names of provinces in which Afghan forces would take over security.

The House has been active, with several attempts to pass legislation that would secure the withdrawal of U.S. troops. Representative Barbara Lee (D-CA) sent a letter to President Obama signed by 80 other representatives asking for significant and sizable troop withdrawals to begin this July. Representatives Dennis Kucinich (D-OH) and Walter Jones (R-NC) introduced legislation directing the president to withdraw the troops. The bill would have ensured

that all troops would be out of Afghanistan by the end of the year, but it did not pass in the March 17 House vote, only receiving 93 votes. However, it received 28 more votes than last year's attempt.



Need up-to-date information about legislation in Congress? Check out NETWORK's Legislative Action Center at <http://capwiz.com/networklobby/issues/bills/>. ★ To learn what happened to legislation you followed in the past, go to <http://capwiz.com/networklobby/issues/votes/> and enter your zip code in the "Key Votes" field.

HOLGER METTE



This year, a number of Republicans have abandoned their party's traditional stance by becoming more in favor of ending the war. In early February, the House voted on Tom Rooney's (R-FL) amendment against the F-35 alternate engine, which passed and received 110 Republican votes. Representatives Bruce Braley (D-IA) and Jones introduced legislation asking for a reporting of the costs of the war. This bill received 36 Republican votes, compared to only 11 last Congress.

On the Senate side, Senator Barbara Boxer (D-CA) introduced her bill, S. 186, on January 25, reinforcing the July drawdown date and asking for a plan to end operations in Afghanistan.

Trade

With the Interfaith Working Group on Trade and Investment, NETWORK is focused on the pending U.S.-Colombia Free Trade Agreement. President Obama,

despite campaign statements opposing the agreement, has indicated his desire to have the agreement approved in the coming months. Given the conditions of instability, violence and impunity in Colombia, this development is profoundly troubling. NETWORK has maintained that the human rights situation is too troubling for an FTA to be considered at this point. The free trade agreement would only exacerbate the problematic conditions.

On March 29, NETWORK co-hosted a congressional briefing featuring two Presbyterian ministers from Colombia who came to D.C. to share their perspectives. NETWORK will continue to work to raise awareness of the situation in Colombia and oppose the advancement of this potentially devastating trade agreement.

Healthcare

On March 23, NETWORK celebrated the one-year anniversary of the signing of the landmark healthcare reform law. Many people have already begun to benefit from the reforms that have taken effect. For example, children can no longer be denied coverage because of pre-existing conditions. Also, new health plans cover preventive services without a co-pay. Other important components of the new law will be implemented in the next few years.

Not surprisingly, opponents of healthcare reform are working to undo these

accomplishments and take us back to a time when healthcare was beyond the reach of too many people. NETWORK remains committed to defending the achievements of reform against any efforts to repeal, defund or otherwise undermine the new law.

Immigration

Unfortunately, we do not expect any significant legislation to address our broken immigration system. Rather, there have been hearings in the House that have as their premise that believers in Islam are radical extremists. It is clear to



us that in order to address this important issue, we need to change hearts and minds around the country. While we are doing that, we have been meeting with members of the administration (White House & Homeland Security staff) in an effort to improve the administration's response to immigration. This is made more difficult for them because the president of the union that represents the border patrol agents has publicly stated that the administration is going against the law and trying to create an amnesty program. This is not true and is not helpful.



Did you know...

...that an enormous share of the nation's economic gains over the past three decades has gone to the top one-hundredth of one percent of the population?

...that, as the wealth gap has increased between those at the very top of the economic ladder and the vast majority on the lower rungs, our entire nation has suffered?

In the coming months we will be rolling out a new campaign designed to tell the story of the wealth gap—how it happened, today's consequences, and ways to address the problem.

Watch the *Connection*, our website and our electronic/social media for more information in the weeks to come!

Want timely information about key issues in Congress? NETWORK members can sign up for our weekly email legislative hotline. Send your name, zip code and email address to jsammon@networklobby.org.

Report from Afghanistan: CRS Development Projects

BY FEROS ARIAN

Projects supported by Catholic Relief Services (CRS) strengthen the capacities of local people to direct their own development process. Local people should be active participants in identifying their priority needs, deciding on the pace and response to those needs, and acquiring the skills to control the resources and activities that are part of project implementation.

With this principle, CRS supports local organizations staffed with people from localities who know the priorities and needs of the communities, and is committed to enhancing the capacity of its local partners to manage the resources transparently. Over the past few years, CRS implemented Community Based Schools in partnership with Youth and Children Development Program (YCDP). Most of the project staff were hired locally and were already familiar with local needs and demands of communities and could easily communicate and mobilize them for the development responses.

Some of the most sustainable approaches are technical capacity building of the partner staff, involving them in

the assessment of their capacity-building needs, implementation of trainings through accompaniment in the trainings, and gradual handover of responsibilities to them with CRS observing and providing more feedback for improvement.

For example, CRS Partner Technical Support Officers (PTSO) joined YCDP partner staff in designing training for the Early Childhood Education (ECD) classes. The CRS PTSO facilitated the trainings and involved partner trainers as co-facilitators. After the training, a reflection meeting was conducted and learning from the trainings was discussed. In the second training, ECD project supervisors conducted the trainings and CRS staff observed the process and provided feedback to be considered in the upcoming trainings. The process was very successful.

Feroz Arian, the Deputy Head of Office for CRS in Kabul was hired as an English Teacher for CRS support staff in 2003. He was soon promoted to CRS education program Administration Assistant, and in the following years served as Education

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Author with schoolchildren.

Partner Support Officer, Monitoring and Evaluation Officer, Education Project Officer, Education Project Manager. He currently supports both the education programming and office administration for CRS in Kabul. Feroz studied English during the time of Taliban rule in Kabul while also supporting his family. In addition to being one of the most active users of online courses through the CRS Learns program, Feroz has studied at Kardan University in Kabul part time for the last several years and recently received his BA in Business Administration.

Subsidiarity and Afghan-Led Development

BY SCOTT BRAUNSCHWEIG



The team leader from the Ghor Province Self Help Group puts a cake in the oven, assisted by the CRS Field Officer.

Afghanistan is one of the poorest, least developed countries in the world, ranking 155 out of 169 in the 2010 UN Human Development Index. But there are many success stories in Afghanistan and ample opportunities to reduce poverty. In 2011, more Afghans have access to schools and health services than ever before. In some villages, migrants who left to work in low-paid, dangerous jobs in neighboring countries are now returning, thanks to improved opportunities.

Still, these success stories are not enough on their own; nor are the many steps forward as yet irreversible.

We are under a moral imperative to learn from proven best practices, and set the bar as high as possible for all development agencies. Along with five other non-governmental organizations (NGOs) working in Afghanistan (the International Rescue Committee, Mercy

Corps, Save the Children, the Aga Khan Foundation, and CARE), CRS recently analyzed what works and what doesn't. We all agreed that effective aid has at least four vital characteristics: Afghan-driven; accountable to donors and communities; impartial (which can translate to needs-based rather than other criteria); and sustainable.

I would like to focus on one characteristic: Afghan-driven.

Development vs. Humanitarian Relief

Development is at its core a process. Unlike humanitarian relief, where items or services are supplied to immediately save lives or ease suffering at a time of crisis, the focus of development is to find sustainable long-term solutions that increase the welfare of beneficiaries.

The key to this is empowerment of the beneficiaries themselves, as they are

the only ones who can make the effort sustainable. They need to not only participate but to lead throughout—in the initial needs analysis, prioritization, resource mobilization, program design, implementation and evaluation.

Although in Afghanistan we call this Afghan-driven, from Catholic Social Teaching we know this as the principle of subsidiarity. It goes beyond putting Afghans in the lead to ensuring that we work to empower at all levels.



YCDP supervisors taking lead in Early Childhood Development Project trainings, after co-facilitation in first trainings conducted by CRS trainers.

Local Staff

CRS depends heavily on national staff and partners—which in Afghanistan includes a range of governmental, national and local civil society organizations. In Afghanistan, CRS employs roughly 450 national staff (and 15 expats) and works through various local partners—mostly local NGOs. We recognize this dependence, and many of our senior positions are filled with very capable Afghan colleagues.

We recruit locally whenever possible; most staff members are recruited from the provinces or districts where they work. We try to work in the poorest areas where educational levels are usually low, and this often means hiring staff without a high level of education or experience and devoting time to mentor and train them.

By doing this, CRS strengthens capacity where we work. Local staff build strong relationships with communities and improve their own understanding of community needs, capacity, opportunities and challenges—becoming skilled



in program design and implementation, as well as at monitoring progress and evaluating impact.

In Ghor Province, one program supports self-help groups for women who work together to build up savings and take literacy courses and then plan and start small businesses.

One group in Chaghcharan, the provincial capital, could not decide on a project. The CRS project officer, a woman from Ghor, had spent time studying the local market and imagining different possibilities. She suggested a bakery producing cakes and cookies. The town had none so the group seized the opportunity—as decided through a vote. CRS helped with business training and the initial purchase of supplies.

Start-up supplies were expected to last three months; they lasted 10 days. In less than two months the bakery was self-sufficient. It still provides cakes and cookies two years later, and the women say the most important benefits are more money to buy food and medicine for their children, and their own increased community status as successful small-business women

Community Ownership

Community ownership is key to the appropriateness, quality, sustainability and impact of a project. It requires broad community engagement to have full community acceptance and ensure that the project includes marginalized groups.

In several provinces, CRS has supported a program to help communities overcome the impact of years of drought, market instability, and severe winters followed by catastrophic floods. Cash for Work (CFW) programs allow them to select a project that creates or rehabilitates local infrastructure, while providing a daily wage at the market rate for one person from every household, usually for about 40 days of work.

Participatory community assessments highlighted the most vulnerable com-



Snow-clearing is among the CRS cash-for-work projects. Greenhouses increase the growing season by several months—critical to families' subsistence and income generation.

munities, and selected communities identified extremely vulnerable households, which could not participate in cash-for-work programs and were therefore deemed eligible to receive vouchers for food and basic household items.

Communities then discussed with CRS the feasibility and priority of potential projects. Many selected projects were beyond the scope of available resources so community members decided to add extra work days without pay in order to achieve something they had decided was important. CRS staff lived for long stretches of time with the communities to support the work. Relationships built at that time helped the projects run smoothly and also with security. Results were beyond expectations. In addition to needed income, there are new quality road systems that increase access to services and lower transport costs, making many villages accessible to vehicles for the first time (and subsequently opening them to other development projects). Water and irrigation projects have helped increase production, and the governor of the district declared on national television that one project will “change the face of (the district) forever.”

Scott Braunschweig is the Kabul Representative for CRS in Afghanistan. Scott works with Feroz supporting the Kabul Office, as well as CRS's programming throughout the country.

Our Faith Calls Us to Address Global Poverty

The Role of U.S. Foreign Aid

“ **All economic life should be shaped by moral principles. Economic choices and institutions must be judged by how they protect or undermine the life and dignity of the human person, support the family, and serve the common good.** ”

—*A Catholic Framework for Economic Life*, United States Catholic Conference, 1996



Called by the Gospel message of hope and the vision of Catholic Social Teaching, we, as people of faith, must protect and promote the sacredness of human life and the dignity of the human person by acting in solidarity with people around the world who suffer at the economic margins.

Foreign aid is a crucial component of our federal budget because helping our impoverished global neighbors makes the world a better and safer place. When countries are healthy and strong they are less likely to be taken over by authoritarian and corrupt regimes that threaten their own people and other nations.

**We are all called to serve the global common good,
and these U.S. foreign aid initiatives are helping:**

1. Feed the Future

In order to address the root causes of global hunger and food insecurity, this initiative focuses on agricultural growth and better nutrition through long-term development.

2. Global Health

Working with partner countries, this initiative focuses in particular on improved health outcomes for women, infants and children by combating infectious diseases and providing quality health services.

3. Global Climate Change

This initiative works to create a global response to climate change by focusing on the most vulnerable countries and strengthening the world's transition to more ecologically sustainable energy.

We encourage the reproduction and distribution of this back-to-back fact sheet.



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Making “Cents” of Foreign Aid

How Much Do We Really Spend? How Much Should We?

THE NUMBER-ONE MYTH ABOUT FOREIGN AID is that it constitutes a large portion of our federal budget. In fact, only a tiny percentage of the budget goes toward international development.

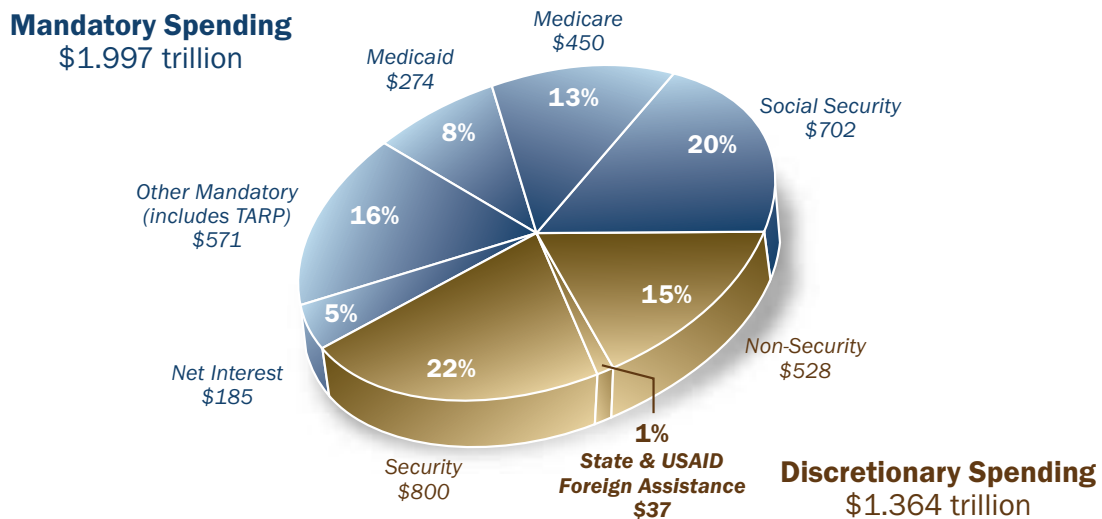
A Gallup Poll showed that most Americans estimate the United States gives 10 to 20 percent of our federal budget toward international development efforts. When asked

what portion of federal spending should be dedicated to foreign aid, the majority answered up to 10% of our total budget.

THE TRUTH IS the United States allocates less than 1% of our federal budget to foreign aid, and a significant percentage of foreign aid goes to military assistance rather than poverty-alleviation.

Major Categories of Federal Spending, FY 2010 Outlays

In \$ billions



Source: <http://foreignassistance.gov/AboutTheData.aspx>

AS CONGRESS CONSIDERS DRASTIC CUTS to already limited poverty-focused international assistance, it is time for people of faith to speak out in opposition. Our nation cannot afford to turn our backs on our brothers and sisters in need. We deserve a federal budget that truly focuses on the common good.

For more information about just distribution of global assistance visit these sites:

- ★ U.S. Catholic Bishops’ statement on foreign aid: www.usccb.org/sdwp/2011-3-22_TakingAMoralStand-backgrounder.pdf
- ★ Catholic Relief Services / Giving Hope to a World of Need: <http://crs.org/>
- ★ InterAction, A United Voice for Global Change: www.interaction.org/
- ★ U.S. Government website on foreign assistance: <http://ForeignAssistance.gov>

Written by Andrea Pascual and Casey Schoeneberger.

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Galvanizing Faith Communities to Empower Women Worldwide

By RITU SHARMA

We've all heard the statistics. Women are the majority of those in the world who live in poverty; seven in 10 of those who are hungry; owners of just one percent of the world's farmland; and dying at a rate of 500,000 each year from preventable complications during pregnancy. One-third of women will be a victim of gender-based violence in their lifetimes.

Meanwhile, Congress, looking to eliminate the equivalent of pennies from our national deficit, would make the already uphill climb women face even steeper.

Embroiled in an intense debate over the federal budget, lawmakers are considering cutting the international affairs budget by close to 20 percent. Despite making up much less than one percent of our national budget, poverty-focused international assistance programs are essential to the survival of millions of women.

Steep cuts to maternal and child health programs, for example, would mean that millions more women are at risk of dying in childbirth, and their babies risk contracting HIV-AIDS because drugs that prevent mother-to-child transmission will not be covered. Cuts to basic education programs mean that millions of girls will not go to school. Cuts to sustainable agriculture and hunger prevention efforts leave mothers already struggling to feed their families on less than a \$1 a day with even less.

The good news in this grim landscape is that these injustices have inspired a powerful new force to rise up and demand change.

In 2008, Women Thrive Worldwide co-founded the Women, Faith, and Development Alliance (WFDA), along with InterAction, the Center for Interfaith Action on Global Poverty at Washington National Cathedral, and Religions for Peace.

This groundbreaking alliance of faith communities, development organizations, and women's empowerment groups works to reduce global poverty by empowering women. Faith is an important dimension of women's lives,



QUENTER GUNI

and diverse faith groups have been doing frontline work on global poverty for decades. However, WFDA is an innovative attempt to bring all three communities together to speak with one voice.

Since this coalition of more than 100 members convened just three years ago, we've witnessed exciting new programs and inspiring new advocates already making concrete differences in the lives of women and men. For example, Catholic Relief Services has implemented trainings and technical assistance in several countries including Burundi, the Dominican Republic, Pakistan, and Eastern Congo and worked with the U.S. Conference of Catholic Bishops and the Catholics Confront Global Poverty initiative to raise awareness and educate thousands of Americans about the unique barriers women face. Here in Washington, interfaith WFDA partners, including Catholic Relief Services, World Vision, Islamic Relief and Ameri-

can Jewish World Service, have come together to advocate on Capitol Hill to make women core to all U.S. international assistance programs.

In particular, WFDA members have focused on helping end the epidemic of gender-based violence by implementing advocacy and educational initiatives. These efforts started with a groundbreaking Inter-Religious Commitment that united more than 30 partners from all faiths and regions to promote education about violence against women, called upon male religious leaders to become role models in these efforts, and encouraged partners with local interfaith organizations to aid female victims of domestic violence.

With our WFDA partners, Women Thrive also works to make ending gender-based violence a top priority in U.S. diplomatic and foreign assistance. To help pass the International Violence Against Women Act (IVAWA), faith-based organizations signed a joint letter to Congress urging passage of the bill, which passed the Senate Foreign Relations Committee in late 2010. We look forward to working with our WFDA partners to help pass IVAWA in this Congress.

Of course, women also experience a different kind of violence every day: that of poverty. With Congress threatening to take us a step backwards in this fight, we need to maintain our powerful alliance with the faith community. Together, we must convince our elected officials to

choose saving millions of lives over saving a few pennies. With a little faith and a lot of work, we can convince Congress that women and girls around the world are worth a whole lot more than a drop in the bucket of our deficit.



Ritu Sharma is Co-Founder and President of Women Thrive Worldwide (www.womenthrive.org).



Ten African Heroes by Thomas Patrick Melady and Margaret Badum Melady, Orbis
<http://www.maryknollsocietymall.org/description.cfm?ISBN=978-1-57075-929-1>

Peacebuilding ed. by Robert J. Schreiter, R. Scott Appleby, Gerard F. Powers, Orbis
<http://www.maryknollsocietymall.org/description.cfm?ISBN=978-1-57075-893-5>



Forty-seven Catholic Sisters voted four decades ago to create a “network” of faith-filled social justice activists across our nation. As our 40th anniversary logo above says, they were faithful to the Gospel call for justice then—and we continue in their footsteps today!

Next year, on April 14, we plan to honor their courage and vision during a celebration here in Washington. We will also explore what it means to be a faith-filled justice activist today.

Please mark your calendars!

NETWORK

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