

# **A conversation with Nancy Birdsall and Todd Moss on November 13, 2013**

## **Participants**

- Nancy Birdsall — President, Center for Global Development
- Todd Moss — Chief Operating Officer and Senior Fellow, Center for Global Development
- Cari Tuna — Co-Founder, Good Ventures
- Holden Karnofsky — Co-Founder, GiveWell

**Note:** These notes give an overview of the points made by Dr. Birdsall and Dr. Moss in the conversation.

## **Summary**

Dr. Birdsall is the founding President of the Center for Global Development (CGD), and Dr. Moss is the Chief Operating Officer and a Senior Fellow at CGD.

GiveWell and Good Ventures spoke to Dr. Birdsall and Dr. Moss about promising strategies in international development, including creating temporary return skilled migration programs, strengthening global governance, improving natural resource management and energy access, and paying for performance on reducing deforestation.

## **Temporary return skilled migration programs**

Many highly skilled migrants who migrate from the developing to the developed world, such as doctors, would like to temporarily return to their countries of origin to use their skills to help those countries. However, it is difficult and risky for them to do so. Often, they lack knowledge of the tools and facilities available to their professions in their countries of origin and they are not professionally accredited there. Also, it is financially risky for them to leave their jobs in the developed world, especially if they are unsure that they will be compensated for their work in their country of birth.

Few organizations facilitate temporary return skilled migration. The American Medical Association could run a program similar to the Peace Corps to connect expatriates with hospitals in their countries of origin.

On the advice of Liberian president Ellen Johnson Sirleaf, CGD co-founder Ed Scott founded the Scott Family Liberia Fellows program for 12-15 fellows (at least half of whom had to be Liberian expatriates under the terms of the program) to assist in the day-to-day function of the Liberian government, including setting agendas for meetings and taking notes. The program received applications from many Liberian expatriates, including for example the superintendent of schools in Calvert County, Maryland; many of them stayed in Liberia working for the government at the end of the period as Scott fellows.

## **Global governance**

Although international linkages are crucial to the global economy, there is limited global governance to manage cross-border problems such as drug trafficking, sex trafficking, and pandemic disease. These

global issues impinge more and more on the interests of individual countries.

Existing global governance organizations face institutional inertia, and member states, particularly in the UN agencies, tend to seek special concessions rather than acting in the global interest. For example, CGD recently completed a report on the Food and Agriculture Organization of the United Nations (FAO). The FAO board is composed of national agriculture ministers, each of whom tends to focus on using the FAO to further their own nation's interests. The FAO should instead invest in global public goods in measurement, evaluation, and policy.

The G-20 has resolved that the leaders of the, International Monetary Fund, and World Bank should be chosen on the basis of an “open, transparent and meritocratic process” but the Europeans for the IMF and the US for the World Bank continue to work to ensure their candidate is chosen, some would say independent of merit. This is just one example of the challenges of improving governance at the world’s key global institutions.

## **Taxation**

Capital is so internationally mobile that it is difficult to tax. Most countries rely on taxes on labor and value added taxes (VAT) on consumption. Labor taxes disproportionately affect less wealthy people, because less wealthy people tend to make most of their income from wages, while very wealthy people tend to make most of their income from capital. VAT tax rates are the same for all consumers regardless of income or wealth.

CGD in Europe recently researched VAT, trade and other indirect taxes that tend to fall on consumption and thus then to be regressive – in contrast to income, property, corporate taxes and taxes on capital. Countries rely on indirect taxes because they are easy to administer and difficult to evade. The International Monetary Fund (IMF) has encouraged countries in Latin America to adopt the VAT because of these advantages. But VAT provides about 30% of government revenue in Europe and 60% in Latin America. Sharing of information among countries would make it easier for developing countries in particular to gradually reduce their dependence on regressive systems of taxation.

## **Natural resource management and energy access**

Most countries are experiencing natural resource booms, which are likely to continue in the future. The windfall gains from natural resource booms place complex pressures on societies and economies. Management of natural resources is a crowded field for philanthropy, so a philanthropist entering the field should pick a niche within it.

Electricity access is a fairly open niche. 1.5 to 3.5 billion people currently live mostly without electricity, depending on how access to electricity is measured. Most of these people want access to electricity and will likely gain access soon. Electric power for people in emerging economies such as India, Nigeria, and China will likely be generated by a mix of coal- or gas-fired power plants and cleaner technologies. Philanthropists could attempt to shift the balance towards sustainable energy by working on electricity pricing and investment structures and by committing venture funds to developing renewable energy.

So far, most venture funds given by philanthropists have been given to develop specific renewable energy technologies. It would be better to offer a technology-agnostic advance market commitment

(AMC) based on a desired outcome, such as providing 1,500 kilowatt-hours per person per year in rural areas. Such AMCs should not be one-time prizes. Instead, they should be based on incremental demand.

Microfinance could allow a local entrepreneur to invest in a small generator in order to create a local power grid. That entrepreneur would then have a financial incentive to run the grid efficiently. Pay-as-you-go mobile phones showed how an innovative payment structure can cause a new technology to succeed, and the same could happen for electricity. In rural Namibia, people can buy scratch cards for pay-as-you-go grid electricity at the same small stores where they buy mobile phone credits. However, the upfront expense of setting up the system is likely high enough to prohibit widespread adoption.

## **Pay for performance on reducing deforestation**

Large plantations lobby to be allowed to burn down forests to expand their operations. Large plantations account for most clearing of forests; subsistence farmers play a smaller role.

Few programs exist globally to pay for performance on reducing deforestation. This is surprising, since such programs could protect biodiversity and mitigate climate change. Norway has set up pay for performance programs against indicators of deforestation in three countries. Norway's program in Brazil is working fairly well, but the programs in the other two countries face serious challenges. CGD is researching pay for performance on reducing deforestation to search for the best methods to attract funding for such programs, design payments to countries that stop deforestation, and manage political issues.

## **Other causes and strategies**

### **Market-oriented disaster relief**

During the first few weeks after a disaster, it makes sense to distribute food, temporary housing, and other essential goods. However, relief efforts for refugees and disaster victims should quickly transition to market-oriented solutions such as cash transfers.

### **African Governance Initiative**

Tony Blair's African Governance Initiative (AGI) helps African countries improve the mechanics of governance. AGI typically works with the President's office. In Liberia, before AGI arrived, long lines of people waiting to meet with the president often formed outside her office. After AGI worked with the president to reform her calendar, everyone meeting with the president had a scheduled meeting time and could simply arrive on time for their meeting rather than waiting in line. AGI helped install electricity and a working elevator in the eight-story Liberian Ministry of Finance.

### **Global education and the labor market**

Lant Pritchett, a senior fellow at CGD, recently published *The Rebirth of Education*. The book argues that global education reform has succeeded in getting children to attend school; however, in South Asia, about half of students seem to stop acquiring skills after about the first four years of school. In North Africa, most children acquire skills throughout their schooling, but these skills do not seem to help them in the labor market.

## **Labor mobility**

Dr. Moss believes that philanthropic work in labor mobility has higher expected returns than almost any other cause in global development.

## **People for GiveWell and Good Ventures to talk to**

### **Market-oriented disaster relief**

- Jeannie Annan, Director of Research, Evaluation, and Learning, International Rescue Committee

### **Temporary return skilled migration programs**

- Molly Kinder, Director for Agriculture and Europe Policy, ONE. Former Senior Policy Analyst, CGD. Involved with Scott Family Liberia Fellows program

### **Pay for performance on reducing deforestation**

- Frances Seymour, Senior Fellow, CGD

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