



A Note from Nancy

This spring has been busy at CGD. We've launched three influential reports, hosted several high-level events, and seen our recent work inform and shape policy discussions in Washington and abroad.

In April CGD launched a [report](#) from the Global Trade Preference Reform Working Group, chaired by senior fellow [Kim Elliott](#), calling for the extension of duty free quota free access to all exports from all least developed countries, changes to the existing rules that impede market access (particularly rules of origin restrictions),

and the creation of stable, long-term programs. This past month, Elliott and [Kaci Farrell](#) travelled to [Geneva, Brussels, and London to promote Elliott's ideas on trade preference reform](#) with colleagues at the World Trade Organization, the United Nations, and the European and British Parliaments. Also in April, the HIV/AIDS Monitor, led by senior policy associate [Nandini Oomman](#), released their report on the use of [performance-based funding among the three major funders of HIV/AIDS programs](#) in developing countries. Complementing this report, CGD released three essays in May and June as part of the buildup to the forthcoming release of [Mead Over's](#) book, *Achieving an AIDS Transition: Preventing Infections to Sustain Treatment*. Over's work includes an analysis of [the use of performance incentives to bring down infections](#). His proposals to better coordinate treatment with prevention are certain to remain at the center of the global AIDS policy debate. In June, CGD launched the report of the Drug Resistance Working Group chaired by deputy director of global health [Rachel Nugent](#) on recommendations to combat drug resistance. The report, *The Race Against Drug Resistance*, has been met with considerable media attention and is well-positioned to bring increased focus to this crucial public health issue.

CGD was pleased to host [Nigerian President Goodluck Jonathan](#) for a policy breakfast and public speech in April. Other private breakfasts this quarter included Paul Collier, who discussed his new book *The Plundered Planet*, and USAID Administrator Raj

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Nigerian President Goodluck Jonathan with Nancy Birdsall at his CGD policy breakfast in April.

Save the Date

2010 Partners
Council Summit
November 16

for other upcoming
CGD events
please visit
www.cgdev.org/events

Questions?
Contact Sarah or Todd at
partnerscouncil@cgdev.org or
(202) 416-4025

Featured Partner: Nestlé, SA

This issue of The Partnership highlights Nestlé's Creating Shared Value initiative which focuses on creating value for shareholders, customers, and the people and communities across Nestlé's supply chain.

Over 3 million people in developing countries earn their living from Nestlé's supply chain, giving the company significant opportunities to improve lives, not only of those directly connected to the company but of their families and communities. Creating Shared Value focuses on three specific areas of Nestlé's core business activities and goes beyond compliance and sustainability to try and create long-term value for society and for shareholders. Nestlé also benefits by gaining access to a more secure supply of better-quality raw materials, lowering procurement costs, and generating consumer preference for Nestlé products.

Creating Shared Value (CSV) is a model

that is available to any company that wants to implement it as part of their business approach as Nestlé has done. CSV involves the deliberate selection of focus areas where shareholders' and society's interests intersect. For Nestlé these are water, nutrition, and rural development, areas that are all fundamental to Nestlé's business goal of becoming "the recognized leader in Nutrition, Health and Wellness".

One of Nestlé's rural development programs is the



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Women's Dairy Development Programme in Moga, India. Through this program Nestlé provides veterinary services free of charge to female dairy farmers whether or not they are Nestlé suppliers. Nestlé also provides support to improve and grow the women's businesses including assisting with artificial insemination programs for their cattle, helping them to procure loans, and installing cooling tanks and chilling centers to preserve the quality and nutritional value of the milk. Over the last three years Nestlé has invested Rs. 500 million (USD 10.8 million) in this program which benefits suppliers and improves the quality of Nestlé's products. In addition to support for farmers, Nestlé also focuses on improving the communities around its factories in India, including access to clean water supplies and nutrition education for adolescent girls. Nestlé has similar programs for dairy farmers in Pakistan, Sri Lanka, China, and Mongolia.

A recent CGD working paper, "[Pulling Agricultural Innovation and the Market Together](#)" by senior fellow Kim Elliott, addresses pull mechanisms for encouraging research and development for agriculture by the private sector. Nestlé's model of private sector



Nestlé supports coffee farmers in Vietnam and other growing regions to help ensure a secure supply for their premium-quality coffee brands.

involvement is based on a different incentive structure than those analyzed by Elliott, but also presents clear benefits to private sector investment in agricultural innovation. Two issues that Elliott finds that are barriers to successful development and utilization of agricultural innovations are the lack of incentive to invest in improving local staple crops that are not widely consumed throughout the rest of the world and lack of markets where farmers' products achieve high enough prices that their investment in new technologies will

pay off. Nestlé's approach addresses these issues by developing products for local tastes and markets and by purchasing farmers' improved crops for its supply chain.

In Cote d'Ivoire, Nestlé's R&D center is looking at ways to prepare Nestlé products using locally-sourced ingredients such as cassava, sorghum, and millet. Currently, 60% of the raw materials used in Cote d'Ivoire to produce Nestlé products are imported. This R&D will create new and improved products which will appeal to consumers who prefer local products while also expanding the market for local farmers growing these staple crops. Nestlé is well positioned to perform and benefit from this R&D because it is a buyer and supplier in the local market. This sort of private sector involvement in agricultural R&D benefits shareholders, suppliers, clients, and the community and can be replicated by other private companies involved in the supply chain.

To learn more about Nestlé's Creating Shared Value visit www.nestle.com/CSV.



First Page: The Village Women Dairy Development Programme in Punjab, India, focuses on advising female dairy farmers on efficient water usage and other agricultural practices.

Left: Agronomist Mélanie Bayo teaches sustainable cocoa production techniques and other agricultural best practices at a demonstration farm in Côte d'Ivoire.

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Shah, who detailed the new USAID policy shop ([which he announced in a public speech later that day](#)). As we near November's Congressional elections, we are more determined than ever to push for important changes in U.S. development policy over the coming months, while still maintaining our impact on other rich-world policymakers. Most recently, we had a visit from Andrew Mitchell, the new UK secretary of state for international development who has [publicly announced](#) DfID's commitment to pilot CGD's [Cash on Delivery Aid](#).

Our work on COD Aid has been gaining attention with developing country governments as well as with other donors. The Government of Liberia has officially requested that donors pilot the approach for education in Liberia. Several other donors and civil society organizations, including the World Bank, the African Development Bank, the Government of Belgium, and Save the Children have hosted events on COD Aid or incorporated presentations of the approach in conferences. Additionally, articles on COD Aid have been published in several major news outlets including [The Economist](#), the [New York Times](#), and [Foreign Policy](#).

The Center's work on aid effectiveness, and more specifically on U.S. foreign assistance reform, also includes a new [CGD Study Group on a U.S. Development Strategy in Pakistan](#). The study group is gaining traction as a strong independent voice engaged in monitoring the design and implementation of U.S. government policy and providing recommendations to achieve sustainable development in Pakistan. Senior policy analyst Molly Kinder and I have distilled the conclusions of four study group meetings into a [set of open letters](#) to Ambassador Richard Holbrooke, special representative for Afghanistan and Pakistan. The letters, related blog posts, and targeted in-person outreach have been well received on Capitol Hill and within the administration. Continuing outreach efforts will seek to turn this momentum into concrete commitments that will improve the transparency and long-term impact of development programs in Pakistan.

I hope you have an enjoyable and productive summer and look forward to a thought-provoking conversation with you on the state of U.S. development policy at the Partners Council Summit on November 16th.

Best wishes,



CGD Media Highlights

6.29.10 [The Challenge of Fiscal Balance](#) (CNN en Espanol): Liliana Rojas-Suarez on the global recovery.

6.18.10 [Resource Curse Solution: Give Money Away](#) (National Public Radio): Todd Moss and Arvind Subramanian on cash transfers.

6.16.10 [World Bank Could Free Up \\$5.5bn for Africa](#) (FT, This is Africa): Ben Leo on IDA.

6.15.10 [Drug-resistant bugs on rise globally: report](#) (Reuters): Rachel Nugent on drug resistance.

6.10.10 [More is More?](#) (Economist): Nancy Birdsall on Cash on Delivery Aid.

5.27.10 [Failing to Deliver](#) (Economist): David Roodman on aid promises.

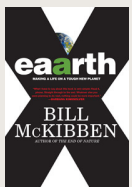
4.29.10 [A New Approach to Aid](#) (Nick Kristof's On the Ground blog, NYT): Kristof features Cash on Delivery Aid.



Photo: USAID administrator Raj Shah discusses development policy at a private CGD breakfast in April.

Off the Shelf *Recommended reading from CGD fellows*

Eaarth: Making a Life on a Tough New Planet

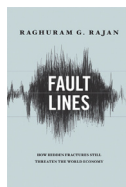


by Bill McKibben
Hardcover: 253 pages
Publisher: Times Books, Henry Holt and Company (2010)

"Persuasively piles up evidence that violent climate change is already upon us. The implications for development may be different than what McKibben proposes (discarding growth as a goal) but they are unavoidably profound and deeply troubling."

-Lawrence MacDonald, vice president, communications and policy outreach

Fault Lines: How Hidden Fractures Still Threaten the World Economy



by Raghuram G. Rajan
Hardcover: 272 pages
Publisher: Princeton University Press (2010)

"What I like the most about Rajan's analysis is that it lays out a convincing argument that rather than being the product of a few irrational and greedy individuals, the crisis was caused by rational responses by bankers, authorities and the general public to the flawed incentive structure of our current global financial order."

-Liliana Rojas-Suarez, senior fellow

The Plundered Planet: Why We Must-- and How We Can-- Manage Nature for Global Prosperity



by Paul Collier
Hardcover: 288 pages
Publisher: Oxford University Press (April 2010)

"Collier's discussion of natural asset management is particularly good and reflects the depth of his experience in that domain. His treatment of global carbon pricing provides a valuable conceptual perspective, although it is obviously less grounded in actual experience."

-David Wheeler, senior fellow