

The SEVEN Fund announces “The WHY Prize”

Cambridge, MA – March 7, 2008 - The SEVEN Fund announces The WHY Prize, a first of its kind challenge - a \$50,000 prize for the best act of integration between a macroeconomist and an anthropologist in the field of Enterprise Solutions to Poverty published in 2007, 2008, or 2009. Submissions will be considered on an ongoing basis until a winner is selected. However, The WHY Prize will be awarded no earlier than October 7, 2008. SEVEN intends to run a version of this competition annually.

Background

The SEVEN Fund’s objective with The WHY Prize is to stimulate innovation in the specific domain of Enterprise Solutions to Poverty by encouraging collaboration; in 2008, we will specifically support collaboration between macroeconomists and anthropologists.

There are increasing trends toward “silo specific science”; researchers and policymakers frequently approach complex, global problems only from the perspective of their own disciplines. Systems of recognition and reward, such as academic tenure and promotion, encourage researchers to develop deep expertise in one single discipline and discourage interdisciplinary work. It is often difficult to obtain funding for research and collaboration that does not fit neatly into the box of one discipline or another. We believe, however, that solving problems such as poverty requires the benefit of shared experience and integrative thinking.

SEVEN seeks to create interest and encourage innovation in the field of Enterprise Solutions to Poverty. Some have said that genius is taking insight from one domain and applying it to another. Thomas Kuhn¹ has written of subverting the underlying paradigm by challenging that “priestly caste” who shape the terms of the discourse. E.O Wilson² has observed that the consilience of thought in the natural sciences is much better than in the social sciences. Howard Gardner³ has written persuasively that brilliance in the arts and sciences arises from diverse life experience. Paul Krugman⁴ has taught us that we all think in models; the trick of originality is to be aware of our own

¹ Thomas Kuhn, *Philosophy of Science*, 1962.

² Edward Osborne Wilson, “From Genes to Culture,” *Consilience* (New York: Knopf, 1998), Chap. 7.

³ Howard Gardner, *Leading Minds: An Anatomy of Leadership* (New York: Basic, 1995) p. 293

⁴ Paul Krugman, “Does Third World Growth Hurt First World Prosperity?” *Harvard Business Review*, June – August 1994, pp.113 – 121.

model and its limitations. The most creative insights to complex problems happen at the nexus of multiple domains.

We are inspired by The X PRIZE Foundation and similar organizations whose goal is to bring about “radical breakthroughs for the benefit of humanity”. The “WHY Prize” builds on this rich history of providing incentives to generate mass momentum and asks the question, “WHY aren’t experts from different domains collaborating to find solutions to our most pressing problem: poverty?” The WHY Prize intends to catalyze cross-fertilization across disciplines and spur progress in finding sustainable solutions to poverty.

History of Challenge Prizes

Between 1905 and 1935, hundreds of aviation prizes stimulated the advancement of aircraft technology. One of the best-known prizes was The Orteig Prize, a \$25,000 purse offered by hotel magnate Raymond Orteig to the first person to fly non-stop between New York and Paris. In 1927, with the whole world watching, Charles Lindbergh won the prize, becoming the most famous person on Earth.

Where no government filled the need and no immediate profit could pay the bill, the Orteig Prize stimulated not one, but nine different attempts to cross the Atlantic. These nine teams cumulatively spent \$400,000 to win the \$25,000 purse - and spawned today's \$250 billion aviation industry.

By taking a smaller, faster approach to aviation, Lindbergh and the Spirit of St. Louis Organization showed that a small professional team could outperform large, government-style efforts. In addition: Applications for pilot's licenses in the U.S. increased by 300% in 1927. The number of licensed aircraft in the U.S. increased by 400% in 1927. Most notably, U.S. Airline passengers increased thirty times over the next two years!

The cause of the tremendous growth in aviation experienced after 1927 was not due to a technology breakthrough. Lindbergh employed technology that was available years earlier. The growth was a direct result of a monumental change in the public's expectation about flight. Lindbergh's flight created the expectation that anyone could fly.

Later, The X PRIZE Foundation sought to bring about a radical breakthrough in the advancement of human spaceflight. Their long-term goal was to make space travel safe, affordable and accessible to everyone through the creation of a personal spaceflight industry. The prize motivated twenty-six teams from seven different nations to pursue their passions by competing for the prize. Famed aerospace designer Burt Rutan and financier Paul Allen led the first private team to build and launch a spacecraft capable of carrying three people to one hundred kilometers above the earth's surface, twice within two weeks.

Why Macroeconomics and Anthropology?

The 2008 WHY Prize will be awarded for the best example of integration between a macroeconomist and anthropologist. The time is ripe to highlight the collaborative potential of these two domains for several reasons.

1. The macroeconomics domain is characterized by top-down structural incentives that are easy to measure, fast to enact by small decision-making units supported by many empirical studies and a broad base of action-oriented adherents who are well placed and highly influential in the multilateral and bilateral aid institutions. They assume that human behavior tends to be rational, and not highly variable.
2. The cultural domain focuses, more often, on case studies at the bottom of the pyramid, which are harder to observe and measure; they assume different groups attach meaning to life in highly variable ways; they usually decline to be prescriptive nor to create normative frameworks for policy makers, and they have very little influence in the development community.
3. SEVEN's hypothesis is that, together, these two domains are stronger than apart. Some of the leading lights in economics are signaling that the time may be right.
 - Joseph Stiglitz, Nobel laureate and former chief economist for the World Bank, writes that "development represents a transformation of society, a movement from traditional relations, traditional ways of thinking, traditional ways of dealing with health and education, traditional methods of productions, to modern ways."⁵
 - Paul Krugman, one of the most influential economists in the world today, acknowledges that "economics is marked by a startling crudeness in the way it thinks about individuals and their motivations... Economists are notoriously uninterested in how people actually think or feel."⁶
 - Nobel laureate Douglass North writes that human beings use "both ... mental models ... and institutions" to "shape the performance of economies."⁷
 - Economic anthropologist Stephen Gudeman writes that the process of making a livelihood is culturally constructed, and of the importance of understanding underlying local cultural models, "people's own economic construction."⁸

If there is a connection between structural incentives, pro-innovation beliefs, and prosperity; and if large segments of developing nations do not share these beliefs, then what are we to consider?

1. Are societies, as whole entities, capable of deep introspection?

⁵ Joseph Stiglitz, "Toward a New Paradigm for Development: Strategies, Policies, and Processes" (The Prebisch Lecture at UNCTAD, Geneva, 18 October 1998)

⁶ Paul Krugman, "Does Third World Growth Hurt First World Prosperity?" Harvard Business Review, June – August 1994, pp.113 – 121.

⁷ Douglass North, *Structure and Change in Economic History*, (New York: Norton, 1981), p 201.

⁸ Stephen Gudeman. *Economics as culture: models and metaphors of livelihood*. (London: Routledge, 1986)

2. If we conclude that certain values are inconsistent with innovation and prosperity, should societies try to change? Does anyone have the right or moral authority to suggest such a thing?
3. If they agree that change is necessary, how would they do it?

These are the “Big Three” questions of economics and mindset, where the first question cascades onto the second, and then onto the third.

After four decades of frustratingly slow development in emerging economies, combining economic sciences and cultural studies may offer the best way to understand and attack the challenge of prosperity. Lawrence Harrison suggests that this type of change will be hard, "because it requires the capacity for objective introspection and attribution to internal factors that touch on the most sensitive questions of self-image and respect."

Goals

Unlike the Nobel Prize, which is awarded to those who have accomplished much during the course of their storied careers, The X PRIZE seeks to stimulate anyone with pro-innovation attitudes and beliefs (i.e. tolerance for risk, self-confidence, optimism about the future, ability to do integrative thinking) toward a specific desirable goal. We honor the pioneers in this field of aspiration prizes and humbly intend to follow in their footsteps: first, there was the Challenge Prize; then there was the X PRIZE; now, there is the WHY Prize. The WHY Prize is designed to build on these same ideals, but to force a further evolution of achieving outcomes through the partnership of experts in multiple fields.

The first USD 50,000 WHY Prize, which can be awarded as early as October of 2008 will recognize a team of two or more individuals that have made a major contribution to the field of enterprise based solutions to poverty.

The WHY prize will reward a team that has published during 2007 or 2008 in either a major venue like the Atlantic Monthly, New York Times Magazine, Financial Times, Businessweek, Forbes, Foreign Policy, Foreign Affairs etc. or in a peer reviewed journal, with a view toward producing further work such as a book or additional articles in a peer reviewed format.

The published piece must add to the dialogue around enterprise solutions to poverty by proposing solutions that represent the best integration of actionable insights and thought leadership. We wish to create an act of integration between the world of structural incentives, and those who study how people attach meaning to their lives. We prefer, though do not limit, the award to go to experienced authors and PhD's, experts in their own domains, to teams that consist of different ethnicities, though we do not care which; and to those who reside on different continents and are affiliated with different institutions.

Our objective is simply, to honor a masterpiece of integration, to highlight an exercise in tolerance and innovation, set across intellectual, ethnic and

geographic domains; and with the audacious goal of contributing to the end of poverty.

About SEVEN

SEVEN (The Social Equity Venture Fund) is an independent nonprofit organization supported by a grant from the John Templeton Foundation. We provide monetary, organizational, and intellectual support for the research of enterprise based solutions to poverty, in accord with the SEVEN Fund Bylaws. The SEVEN Board provides the leadership, and a variety of qualified jurors make funding decisions.

The Institute's activities are enhanced by the active participation of its SEVEN Fund Members. SEVEN Fund Membership consists of all researchers funded by the Institute, as well as researchers with membership granted by the SEVEN principals via invitation or application.

Questions & Answers

Does SEVEN have a preferred philosophical or scientific agenda?

We see a number of experts who opine about poverty and prosperity: i.e., macroeconomists, businessmen, educators, political scientists, social scientists, etc. We rarely see enough integration, where the experts of one domain borrow insights from another, and attempt to create an even more robust intellectual framework. We intend to foster this kind of integration, at the level of thought leader and practitioner.

Who might receive The WHY Prize?

Anyone may submit a nomination in order to compete for The WHY Prize as long as the proposal reflects the scope and guidelines stated in the call for nominations. Individuals may nominate themselves or others for consideration.

How do you define “macroeconomist” and “anthropologist”?

For the purposes of this competition, nominated teams must include one individual who holds a masters or doctoral degree in economics and anthropology respectively. Other disciplines may join the collaboration to broaden the perspective beyond these two disciplines.

How and when do we apply?

You may submit an article, paper, or book for consideration by applying on our website at <http://www.sevenfund.org/contest-forms/why-prize-form.php>. Submissions should include a copy of the nominated article, brief bios of authors, and a 100-200 word executive summary explaining the work's significance to the field of Enterprise Solutions to Poverty through the lens of integration between macroeconomics and anthropology. Submissions will be accepted on an ongoing basis.

How will proposals be judged?

All nominations will undergo a competitive process of a confidential expert jury peer review. The SEVEN Fund retains the final authority to assess proposals and award the prize. The winning parties will be required to enter into a contract with SEVEN prior to final award.

Is there a fixed amount of funding?

The WHY Prize is a one-time award of \$50,000.

Can I submit multiple nominations?

We will consider multiple nominations from the same authors; however, the nominated articles must be distinct from one another and appear in different publications.

What if I am unable to submit my application electronically?

Only applications submitted via the submission webform are accepted. If you encounter problems, please contact SEVEN at info@seven.org .

How is SEVEN financed?

The WHY Prize is supported initially by a grant from the John Templeton Foundation.

What sort of legal organization is SEVEN?

SEVEN is a 501 (c) (3) non-profit corporation under the laws of the Commonwealth of Massachusetts.

Who is SEVEN? How is SEVEN administered and run?

SEVEN is primarily managed by two people, Andreas Widmer and Michael Fairbanks, bios attached. They are co-directors with different experiences in the high-tech industry and development, respectively. They founded and ran the only venture-backed firm in the USA to focus on selling software and strategic consulting services to developing nations. There is a board of advisors, and a board of directors with vast experience in global markets, advisory work, and enterprise solutions to poverty.

Biographies:

Michael

Fairbanks

Michael Fairbanks is the founder of the OTF Group, a software and strategy consulting firm based in Boston. It is the first venture-backed US firm to focus on developing nations. Fairbanks is also the senior advisor to the president of the Inter-American Development Bank, a US \$100 billion bank located in Washington, D.C., that last year, disbursed US \$7.5 billion in grants and loans to the Caribbean and Latin America.

Fairbanks has been a US Peace Corps teacher in Kenya and a Wall Street banker. He has, over a 20-year career, advised scores of presidents, cabinet members and

CEOs in Africa, Latin America and Southeast Asia on business strategy and export competitiveness.

Recent projects include working for the president of Rwanda to improve the prosperity of all Rwandan citizens by increasing the competitiveness of that nation's tourism, coffee and agro-industry sectors; and advising the minister of finance of Afghanistan on private-sector reforms. He co-authored Harvard Business School's landmark book on business strategy in emerging markets, *"Plowing the Sea, Nurturing the Hidden Sources of Advantage in Developing Nations,"* with a forward by Michael Porter. Business Week Magazine said, "Plowing the Sea points the way toward creating prosperity in developing nations," the Boston Globe named it one of the ten best books of the year in Politics and Economics, and Exame magazine, Brazil's leading business weekly, called it one of the ten best books of the decade.

He co-conceived and contributed to the global best selling book *"Culture Matters: How Values Shape Human Progress,"* with Sam Huntington and Larry Harrison at Harvard. His next book, edited with Malik Fal and Marcela Escobari-Rose, contains essays by OTF colleagues from around the world. It is entitled *"In the River They Swim: Essays on Enterprise Solutions to Poverty."*

His work has been translated into a dozen languages, including Korean, Mongolian and Serbian. He was a visiting fellow at the Hoover Institution at Stanford, a lecturer at Harvard, and an adjunct professor at Georgetown University and the Fletcher School of Law and Diplomacy at Tufts. He has degrees in philosophy and biochemistry from the University of Scranton, a Jesuit university in Pennsylvania where he was trustee for six years, and in African politics from Columbia University in New York City.

He served on the Commission on Globalization with, among others, Mikhail Gorbachev, Jane Goodall and Joe Stiglitz. He also advised the Private Sector Commission at the United Nations. *Fortune* magazine named him one of the 150 Smartest People in the World. In 2006, his alma mater gave him its highest award, a doctorate in humane letters for his "accomplishments and devotion to social justice."

Andreas

Widmer

The co-director of the S.E.VEN Fund, Andreas Widmer was previously an executive in residence at Highland Capital Partners, a leading venture capital firm. A seasoned business executive, Widmer has led such international strategy consulting and high technology software firms as the OTF Group, Eprise Corporation, Dragon Systems and FTP Software. He has worked extensively in the United States, Europe, Asia, Africa and Latin America and has brought more than 100 leading-edge technology products to market.

During his 17-year career, he has furthered the buildup of four startup companies with cumulative exits valued at more than \$730 million. Widmer's current projects include advising several medical device and high-technology startup companies on strategy, venture capital and angel fund-raising efforts.

He serves on the board of directors/advisors of the OTF Group, Virtual Research Associates, Twin Star Medical, Smart Destinations, Island Desserts, Legatus Boston, the World Youth Alliance and the Boston Catholic Men's Conference.

Widmer served as a Pontifical Swiss Guard from 1986-1988, protecting Pope John Paul II. He speaks fluent English, German, Italian and French and has a basic knowledge of Spanish.

Terms and Conditions:

The SEVEN Fund has sole and absolute discretion to determine which submission entries, if any, merit an award. The SEVEN Fund reserves the right, in its sole and absolute discretion, to change, modify, extend or reduce the terms and conditions of, or to suspend or terminate, the competition without prior notice. SEVEN will endeavor to inform participants of any such change, modification, extension, reduction, suspension or termination, as the case may be, through any media outlet deemed appropriate by SEVEN in its sole and absolute discretion. SEVEN further reserves the right to nullify and/or cancel any part or all of the competition if it appears that any fraud or malfunctions have occurred in any form whatsoever. Each participant undertakes to indemnify and keep SEVEN harmless from and against any loss, damage, claims, costs and expenses which may be incurred by or asserted against SEVEN as a result of such participant's participation in the competition.