

Profugo

P.O. Box 393
Wynnewood, PA 19096
www.profugo.org
info@profugo.org

The Kernel



Volume 2, Issue 5

September 2009

Inside this issue:

- Profugo receives its 501(C)(3)! 1
- From Africa to Africa 2
- Social Capital and Economic Development 3
- Upcoming Events & News 4

Profugo receives its 501(C)(3)!

On August 6th we received a letter from the IRS saying that Profugo has been granted the status of a 501(c)(3) public charity under the internal revenue code! All donations that have been made by our faithful supporters so far are tax deductible to the fullest extent allowable by law!

We submitted our application for the 501(C)(3) status in July last year. So, it has taken the process a little over a year. Organizations that engage in economic development types of activities come under greater scrutiny by the IRS. Our application came up for review in May this year. The IRS had many questions about the organization. We were very pleased that they took time to go through the entire Profugo website and identified areas where they needed more information from us. They wanted specific information about how the model would work on the ground.

We had initially proposed the creation of a for-profit entity in India under which the Center of Development would be implemented. We chose a for-profit entity in an attempt to gain greater operational efficiencies and a better governance model. But, to the IRS, a foreign for-profit increases the risk of private ownership. To mitigate this risk, we are looking to implement the COD in India through an Indian non-profit organization called Pilgrim Foundation for Relief and Development. The Indian entity will report to Profugo's US board and community of supporters.

The Pilgrim Foundation is headed by Dr. K. A. Abraham. He is a medical doctor who has been running a rural Health Center in Aurad, Karnataka, for the last 35+ years. The Health Center began as a mobile health dispensary for about 25 villages. Today, the center provides a variety of in-patient and out-patient services, including care for patients with AIDS. The center also carries out



a number of community development programs including agricultural development and vocational training.

There are a number of dedicated staff members working at the Aurad Health Center today. Because of this, Dr. Abraham hopes that the organization will continue to operate well without him. A few years ago, he incorporated Pilgrim Foundation with the hopes of starting a new project somewhere else in India.

The Profugo team is working with Dr. Abraham and Pilgrim Foundation to create a plan for the COD implementation. Our hope is to begin as a small clinic early in 2010 and to then quickly move towards establishing a Health Center. In ten years (2020) we hope to hand over operations of the COD to the local community. In the next few months, we will begin another round of research by hiring a local Social Work professional.

We hope you will join us in making a commitment to the people of Wayanad. To help them break the bonds of oppression and together create a path for progressive improvement!

~Greetings from one profugo to another!

From Africa to Africa

By Sarah Sykes

I often notice that we turn important issues into the latest fad – for example “Going Green,” buying local and organic food, and supporting Fair Trade. With all the buzz and hype pop culture has created around these important issues, I wonder if we unconsciously buy into labels for their popularity alone. What if instead, we take a moment to try and understand the deeper stories going on beyond the public eye? I want to discuss not just the concept of Fair Trade alone, but the people and communities who are actually at stake in this issue.

I’ve had the privilege of hearing some of these stories at my place of employment, Starbucks. Some might view Starbucks Coffee as just another name on the NASDAQ or Fortune’s Top 100 List, but there have been some recent efforts that are worthy of note. At the end of June 2009, Starbucks, along with the Fair Trade Foundation and Fairtrade Labeling Organization International, met with farmers at Dukunde Kawa, a cooperative that cultivates high quality coffee in central Rwanda. The gathering was held for Starbucks and Fairtrade to listen and learn from farmers’ experiences and secondly to share details around the new Small Farmer Support Initiative (SFSI) which was jointly introduced in April 2009. Founded in 2000, Dukunde Kawa Cooperative became Fairtrade Certified in 2004.

Starbucks CEO, President, and Chairman, Howard Schultz, recently developed a close friendship with Rwandan President Paul Kagame. Coincidentally for Schultz, coffee has become a vital part of Rwanda’s future as it recovers from the turmoil of the 1990s. As a result, Starbucks has not only decided to purchase coffee from the Dukunde Kawa Co-Op, but wants to make a difference in the country as well. In a recent interview with *The New Times*, one of Rwanda’s daily newspapers, Schultz spoke about his vision for Rwandan coffee farmers, new opportunities for Rwandan coffee and his friendship with President Kagame. “We want to be the kind of company that makes a profit but also we want to give back – finding ways we can help and assist in the transformation of this country.” This latest development in Starbucks ongoing commitment to Rwandan coffee farmers and Fairtrade builds on the decade-long relationship between Starbucks and Fairtrade organizations around the world, which also has seen Starbucks become the largest buyer of Fairtrade Certified Coffee in the world.

This recent partnership in Rwanda is an effort of Starbucks to explore the ways our collaboration can support small farmers and their communities, to improve their coffee, their livelihoods, and their future. The Starbucks Farmer Support Center recently



established in Rwanda, will work with east African coffee communities to help accomplish just that. Starbucks agronomists and quality experts will work directly with farmers to develop and use more responsible methods to grow better coffee, to help improve the quality, and size of the harvest – ultimately earn better prices for it. The hope is to increase the participation of small-scale farmers in the global specialty coffee market.

Since Starbucks groundbreaking trip to Rwanda in June, our stores have begun offering new products.. An East African blend (“From Africa to Africa”), as part of Starbucks ongoing relationship with (Product) RED. For every pound of (Starbucks) RED whole bean coffee sold, Starbucks will contribute US\$1 to the Global Fund to help support AIDS programs in Africa. Also featured is a 100% Rwandan coffee – the first official batch of coffee we have purchased from Rwanda. We are also carrying merchandise created by Rwandan artisans – authentic Rwandan fabric tumblers, cotton canvas hand-sewn totes, and charms – all from Fair Winds Trading. Through our relationship with Fair Winds Trading, we are able to give our customers an opportunity to connect with a community of artisans who are working to create a better life for themselves and their families. 50 million customers a week pass through our stores, so we now have a great opportunity and foundation to tell the story of not only Rwandan coffee but the story of Rwanda.

I hope when you visit Starbucks this summer, you will not simply buy the usual Black Tea Lemonade or Java Chip Frappuccino without stopping to consider what effect your purchase will have on our fellow profugo in Africa. Our responsibility as consumers should lead us to care beyond the Fair Trade Label, to the communities, families and individuals whose lives are impacted daily by our intentional decisions.

Social Capital and Economic Development

By Brittini Devereaux

We all know that tasks tackled together are far more rewarding and successful than endeavors attempted alone; but do we ever stop and think about the impact a collective group could have on us as individuals or society as a whole? Little do many of us realize that each connection we make with another person is an opportunity to gain resources and knowledge we didn't have before. This transfer of knowledge and these social connections and interactions build what is commonly known as "social capital," and it just may be the very formula needed to spur economic development in today's struggling economy.

Defining Social Capital

Social capital is the glue that holds social networks and communities together. Like economic or human capital, which are accumulations of wealth or knowledge used to produce more wealth; social capital is an abundance of resources for individuals to seek economic opportunities through social networks.

Communities provide the context within which neighbors, friends, and a broad range of formal and informal groups (such as civic associations or community centers) come together in pursuit of common purposes. Through personal and social connections blended with civic engagement, individuals are able to benefit from community coordination and cooperation, and end up having an easier way of life. These community networks benefit not only those directly involved in the networks, but the community as a whole. However, Putnam makes sure to distinguish between "tertiary associations"; organizations, which draw on its members commonalities, and organizations that actually increases the "social connectedness" of its members. Organizations such as the Sierra Club or a sports fan club are full of members who share similar ideals or interests, but in fact do not have ties to one another, therefore decreasing the level of "social connectedness". With this note, it is important that organizations look to engage their members with one another, using a commonality as a means to bring us together and connect, not to keep us apart.

Social capital and its implications on economic growth

An abundance of social capital within a community has been shown to be a source of economic progress. Firstly, the amount of trust that is built within dense social networks is instrumental in facilitating economic transactions; which, with a high degree of trust, can be executed at much lower costs. This trust can also lead to higher money lending in communities, as well as a lower degree of individuals seeking personal gains by cheating resources from others.

Secondly, with increased trust and reciprocity comes a more efficient exchange of knowledge and goods, as more people can gain more with less. This makes communication with others about jobs, best practices, and new information easier and more relevant. Areas with higher amounts of social capital also draw in



more funding for new initiatives, spurring new growth. Creating opportunities that bring us together and increase social capital through trust and reciprocity prepares communities for flourishing economies.

Unfortunately, America has seen a decline in civic engagement in its communities, and therefore a corresponding decline in social capital over the years. Evidence of this fact can be seen in the low voter turnout over the past elections, as well as a decrease in attendance of public meetings and school affairs. The rise in submissive behavior and decline in social interactions is threatening the potential for social capital to accumulate in communities who could benefit most, therefore decreasing its overall impact.

To Putnam, the biggest culprit adding to the decline of social capital is television, which is associated with less social trust and group membership. With the quick decline of the American economy, it is now more important than ever that we seek new and exciting opportunities for shared cultural experiences that have the potential to build trust again in one another and encourage a growth spurt in social capital. If we can lure ourselves away from our television sets and bring communities together to form new connections and grow our social capital, then we may begin to see the light at the end of this tunnel.

References:

- Arrow, K. (1972). Gifts and Exchanges. *Philosophy and Public Affairs*, 1 (4), 343-62.
- Hoyman, M., & Faricy, C. (2009). It Takes a Village: A Test of the Creative Class, Social Capital, and Human Capital Theories. *Urban Affairs Review*, 44 (3), 311-333.
- Jacobs, J. (1965). *The Death and Life of Great American Cities*. Harmondsworth, Middlesex, England: Penguin.
- Nowak, J. (2007). *Creativity and Neighborhood Development: Strategies for Community Investment*. Philadelphia: The Reinvestment Fund.
- Putnam, R. D. (1995). Bowling Alone: America's Declining Social Capital. *Journal of Democracy*, 6 (1), 65-78.
- Putnam, R. D. (1993). The Prosperous Community: Social Capital and Public Life. *The American Prospect*, 13 (4), 35-42.
- Putnam, R. D. (1995). Tuning In, Tuning Out: The Strange Disappearance of Social Capital in America. *PS: Political Science and Politics*, 28 (4), 664-683.

<http://events.profugo.net>

2009

Sweat for Hope

5K Run / Walk

Saturday October 24, 2009 9:00 A.M.

Ridley Creek State Park



Upcoming Events & News

October 24, 2009—Sweat for Hope, Ridley Creek State Park, PA (www.sweatforhope.org)

This is Profugo's annual 5K Run/Walk fundraiser. The 2009 race will be set in the beautiful Ridley Creek State Park, in Media, PA. Join us for a great fall day filled with friendly competition and a delicious complimentary BBQ picnic, all in support of Profugo's initiatives!

Winter 2009—Wayanad Survey Trip, India

Are you a healthcare professional? Are you interested in business development? Join us for our survey trip to Wayanad this winter. Email us at info@profugo.org, if you're interested.