

3 Takeaways Podcast Transcript
Lynn Thoman
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Ep. 165: President of Rockefeller Foundation and Former USAID head Raj Shah on Big Bets and Transforming The Face of Human Poverty On The Planet

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INTRO male voice: Welcome to the 3 Takeaways podcast, which features short memorable conversations with the world's best thinkers, business leaders, writers, politicians, scientists, and other newsmakers. Each episode ends with the three key takeaways that person has learned over their lives and their careers, and now your host and board member of schools at Harvard, Princeton and Columbia, Lynn Thoman.

Lynn Thoman: Hi everyone. It's Lynn Thoman, welcome to another 3 Takeaways episode. Today, I'm excited to be with Rajiv Shah. Raj joined the Bill & Melinda Gates Foundation just after it was formed about 20 years ago, and he worked there in a variety of roles, including Director of Agricultural Development, Director of Strategic Opportunities, and Deputy Director of Policy and Finance. He then went into government, serving in the US Department of Agriculture before being named Administrator or head of the United States Agency for International Development, USAID. USAID was created by President Kennedy and provides economic development and humanitarian assistance around the world in support of the foreign policy goals of the United States. After USAID, Raj became President of Rockefeller Foundation. So, Raj has worked for two of the leading organizations in the non-profit world, the Bill & Melinda Gates Foundation and the Rockefeller Foundation, and he's also worked for USAID, which is one of the largest aid organizations in the world. I'm excited to find out what he's learned about aid and catalyzing change. Raj is the author of the new book, Big Bets. Welcome, Raj, and thanks so much for joining 3 Takeaways today.

Raj Shah: Thank you, Lynn, for having me.

LT: It is my pleasure. Raj, you went to the Gates Foundation about 20 years ago, when the Bill & Melinda Gates Foundation had just been founded. What did you learn from Bill & Melinda Gates and the Gates Foundation?

RS: Well, I have to say, starting at the Gates Foundation as a young professional was an extraordinary experience for me. I grew up in a middle-class family around Detroit, Michigan, and I grew up as a kid in the auto industry sketching cars in my free time and thinking I'd be an engineer or a doctor. When I was in high school, Nelson Mandela came through Detroit when he was released from prison in what was one of the most memorable and extraordinary visits ever, and he gave this extraordinary speech on the floor of an auto plant, and then again at Tiger Stadium, which was my home baseball stadium, so I was taken by his message and decided then and there that I wanted to use my life in a way that was of service to others and had real meaning and purpose. But honestly, I had no idea how to do so. So, after lots of fits and starts and zigzagging around, not quite sure what to do with myself, I landed at the Gates Foundation, and as you point out, I had the chance to work with Bill and Melinda Gates and the team they assembled in those days when they were just starting out. And what I really learned was the idea that we could make big bets that we

could...

RS: in fact, I imagine a world where everyone had a computer on their desk, you could imagine a world where every child had the ability to survive and thrive past the age of 5. You can imagine a world where if vaccines were available in rich countries, they could be available to every single child on the planet, and in my mind, we developed a methodology about how to bring that kind of world into reality that I write about in the book.

LT: Tell us about Bill Gates's blank sheet. How did that work? It's such a wonderful idea.

RS: Bill and Melinda in their early days of philanthropy were motivated by an article they read in the New York Times about a disease called rotavirus. This is a virus that causes diarrhea in children and adults and leads to real discomfort and trips to the hospital in the United States, but really no deaths. very few people die of rotavirus in America because you can get good medical care. But around the world, 400,000 children, every year were dying from rotavirus. And the countries where these kids were dying, whether they were in India or Africa or parts of Latin and Central America, simply didn't have access to rotavirus vaccines that were being developed and introduced in the United States. So they started by saying, that doesn't seem fair. That's unjust. Why wouldn't we just figure out how to get these vaccines to everybody on the planet, and we did a lot of study.

RS: Bill would be in this big cavernous conference room surrounded by public health experts on the far end of the table. I was just basically an economist intern in those conversations, but he would sit there and ask this question, "How much does it cost to vaccinate every child on the planet?" And in order to answer that question, everyone would say, "Gosh, that's a complex thing to answer, or you can't think about it that way. It's very difficult." But he just kept persisting with that question, and over years, we developed models, did the math over and over again. And we would say use the blank sheet of paper to or start from scratch to analyze that very basic question.

RS: And what the potential answers were, and the results led ultimately to the creation of something called GAVI, the Global Alliance for Vaccines and Immunizations. And ultimately helped nearly a billion children around the world get access to vaccine, saving more than 16 million child lives.

LT: I've actually just had a conversation with the CEO of GAVI Seth Berkley on 3 Takeaways, episode #155.

RS: Seth is fantastic.

LT: He is and it's an amazing accomplishment. What do you think the big accomplishments of the Gates Foundation are?

RS: Well, I personally think that's the biggest one. If you look in the mid-1990s, about eleven and a half million children every year died under the age of 5, and most of those deaths were from easily preventable causes, including vaccine-preventable disease. And then over 20, 25 years, that number has come down to something under the order of five and a half million child deaths a year, so that's six million kids every year that now survive. And I think a big part of that child survival transformation is, in fact, the effort to vaccinate every child on the planet and to reinvigorate global health to make sure we reach everybody. I think that's the biggest accomplishment. But part of that

accomplishment is demonstrating the methodology which is, you can make big bets. You can set a bold aspirational goal for global change. If you take an approach that we took in that context. Find fresh innovative solutions like new vaccines, bring together unlikely, sometimes even difficult partners, and get them working together in real alliances, and then be absolutely determined to measure results and be persistent in light of challenges. Over decades, you can create that kind of transformational change that really does bend the arc of justice.

LT: From the Gates Foundation, you went into government and then were named the head of USAID. Can you tell us how much money USAID gives away each year? Who does it give to? And what does it give for?

RS: Well, USAID, as you noted in your introduction, was created by John F. Kennedy at a time when there was an understanding that the safety, the security, and the welfare of everyone around the world mattered for our own national security and our own ability to live in a world that was more stable, more democratic, and more tethered to and tied and connected to American values, the best of American values. And over 50, 60-plus years, USAID's had a tremendous history of helping to support efforts to bring agricultural technologies to places that help reduce hunger by hundreds of millions, helping to bring democracy and private investment to the Eastern European countries after the Cold War, helping to transform the field of global health, which we were just talking about in ways that saved tens of millions of lives. To this day, USAID is really the world's first line of defense in some of the toughest corners of a globe, whether it's allowing eight million kids in Afghanistan, including three plus million girls to go to school, or turning the street lights on in Mogadishu after clearing the area of terrorist activity to create more stability in Eastern Africa. It's just an extraordinary organization filled with 11,000 change makers and a budget of somewhere around 30 billion dollars a year.

RS: And I often remind American listeners that for less than one-half of 1% of the US federal budget, it really does project the best of American values to the farthest corners of the globe.

LT: And which countries receive the largest amounts of aid?

RS: Well, countries that are experiencing natural and other types of human disasters often top the list in any particular year. My very first year in office at USAID. In fact, my very first week on the job, a devastating earthquake hit Haiti, and in an instance, we later learned more than 200,000 people died in Port-au-Prince, Haiti. And in the face of that, we mounted at the time the largest humanitarian response ever put together to support the people of Haiti, so that's an example of how during crisis America often is first in line to support those in need. Other major recipients of aid and assistance during my time included African countries that needed support to enhance their food security through a program we called Feed the Future, and Afghanistan and Pakistan, which were experiencing tremendous instability and an active conflict during the war.

LT: Is much of the funding evergreen or ongoing funding to the same countries or the same areas?

RS: Yeah, big bets is a methodology that I try to deploy at USAID as well, and in fact, a core component of setting a big, bold aspirational goal and bringing fresh innovative solutions to these places is staying focused for a very long time until you achieve success. So, I took office just after the food security crisis of 2008-2009, this was a time when children in some countries were literally mixing grain with mud and eating mud cakes, which is what they were called, in order to have more

sustenance and less hunger on a day-to-day basis. About 100 million people had been pushed into extreme hunger and crisis as a result of what was effectively the global financial crisis of 2008. And in that context, we brought together dozens of countries and motivated big new investments in a results-oriented way in investing in agricultural research, technology farming and farmers around the world to help move people out of poverty. And we stayed focused for five, six, seven years. And we learned five years later, because we're measuring very carefully that those efforts to help small-scale farmers, mostly women farmers in the countries we called Feed the Future countries, ended up moving 23 million people out of poverty and doing so in a really sustainable way, not by giving out food, but by helping them with the know-how and the technology to improve their own food production and move their families out of malnutrition and create a more vibrant economy.

LT: Progress often entails trying new things, and I've just had a fascinating conversation with Harvard Business School professor Amy Edmondson on failing well and learning from failures. What are some examples of failures and what did you learn from them?

RS: One of the big efforts we pursued was to help bring energy and electricity to African communities that actually still live without meaningful electricity. It turns out in southern Africa defined very broadly, there's still about 250 million people in that region that simply didn't have access to enough productive electricity to have a vibrant economy and create jobs, to have their kids read at night in their homes, and to allow schools to be open at night with appropriate lighting. And in that context, I worked very, very hard with partners around the world, including in China and the United States, to try to reinvigorate investments in a large-scale effort called The Inga dam, which would have provided power at three or four cents a kilowatt hour, which is extremely cheap in massive quantities, to hundreds of millions of people. Despite some real progress, ultimately the US Congress issued a bill that said, you can't do this. And the project basically fell apart in conversations with the leaders of places like the Democratic Republic of Congo that were critical to the success of the effort. And what I learned from that is that when you make these kinds of big bets, you really have to know who you're betting on. Ultimately, it's people who transform the world, and if the key people who have the authority and the power to be part of it are...

RS: too self-interested or not supportive, and you can't get them to change their mind, you're not going to be successful. So better to fail fast and move to the next challenge than to keep investing time and resources in something that's going to fail. That lesson has helped me a lot, especially now as President of the Rockefeller Foundation, where you really carefully assess the motivations, interests, and values of the people you work with, because ultimately, we invest in change makers and big betters who are trying to do extraordinary things for humanity.

LT: You talked about Haiti and the earthquake in Haiti, which happened soon after you were named the head of USAID. Since the earthquake, the US alone has given, according to US government numbers, over \$ 5 billion and other countries, including the EU, have given another \$5 plus billion dollars. That's about 1 million dollars per person for each of Haiti's 10 million people, and yet today the average income per person in Haiti is still only about \$1,400. How do you see and think about Haiti today?

RS: Well, Haiti today is a tragically failed state, and the government in Haiti has been over many, many years both corrupt and working at odds with the welfare of much of the Haitian people. I will say in the aftermath of the earthquake, we mounted a humanitarian response that in the six-month window between January, when the earthquake happened, and June when we collected definitive

data actually showed an opposite narrative. In that window of time, thanks to an extraordinary public, private, and civil-military cooperative response, we were able to reduce the number of people with diarrhea disease, and improve and reduce the number of kids that were hungry and that were hungry every night. We were able to improve water quality, access, private and public investment in infrastructure and actually housing and job creation, and we had measures for all of that. I think there's a great question is to why those types of success are not sustainable over time, and to me that's about public governance and credibility and authenticity of purpose in government leadership, but that's a different story than the humanitarian response in that one window.

LT: How do you compare the power of foundations and aid money to the power of business?

RS: I'm a big believer that you need everyone at the table to solve these problems, and I write about building unlikely partnerships across Republicans and Democrats to build support together for our food security efforts around the world and re-establish American leadership on that topic. But also, across business and government. Often, there's a lot of mistrust across the public and private sectors, and yet the biggest gains we've had developing and introducing new vaccines that have saved millions of lives, developing and introducing new anti-retroviral therapies that help twenty five million people not die of HIV AIDS, especially throughout Africa, investing in food security strategies and agricultural programs that have put a floor under vulnerable communities that would otherwise go hungry and their children would go malnourished and responding to major crises, whether they're famines in Somalia or pandemics, all of those have required the public sector and private sector holding hands and working together.

RS: To me, it's not an either or. If you're trying to diagnose cases of Ebola in West Africa in the midst of a crisis, you need kids on motorbikes working with local cell phone companies to put in place data access systems that allow you to rapidly identify who has COVID. Where and when we made those investments, built those partnerships and helped prevent 1 to 1.4 million cases of Ebola taking place in West Africa was in 2014. So, you can have some huge wins, but it requires building these deep unlikely partnerships and getting people to trust each other.

LT: What do you think aid money and foundation money is best for?

RS: Well, I think foundations in global society play a unique role in being able to advance fresh, innovative solutions to some of the big challenges we face. We can be society's risk capital. And today, the Rockefeller Foundation is in the midst of our biggest bet ever in our 110 year history. We've invested a tremendous amount of resources and bringing renewable energy systems to the 700-800 million people around the world who still fundamentally live in the dark, who live without access to any meaningful electricity. We started this project ten to twelve years ago, and created innovations like rural mini-grids. We're now advancing new innovations like large-scale, grid-based energy storage for African countries and for Indian municipalities that will help green the grid and allow access for nearly a billion people who don't have productive power today. And that'll transform, we believe, the face of human poverty on the planet. But we think we can play a unique role in taking a lot of that early risk, demonstrating systems can work. We're willing to fail and we're willing to learn from those failures, and once we de-risk these efforts, we think it's essential that then public investment and private investment take over and help us scale these efforts.

LT: Raj, what do you think that the private sector and business is best for? What role can business play?

RS: Well, business is a tremendous innovator in different places. One of the challenges is that innovation is not always focused on the biggest challenges we face this society. We used to lament in the Gates Foundation that drug companies would spend a lot of money on important conditions, but things that were not saving lives, and then the things that kids were dying from in Africa, malaria...

RS: rotavirus, pneumococcus were not getting the same kind of investment. So, they can innovate, for sure, and businesses are the best institutions we've created for creating commercial models for scalability. So, when we developed over a decade these rural mini-grids that provide power to rural communities in India and Africa and parts of Latin America, the public sector mini grids, if the governments just build them and operate them, they tend to fall apart over time. And yet if you find private operators and local entrepreneurs and give them the capability to create these enterprises as small businesses, they tend to thrive over time, and in fact, today serve millions of people who would otherwise not be able to use electric-based sewing machines or turn the lights on in their schools at night or use power milling instruments and tools to improve their agricultural productivity. So, I've seen it firsthand, and I think the private sector remains our most powerful enterprise for creating a sustained excellence in these areas when you can build commercial models.

LT: So exciting what you're doing Raj, providing electricity also so children can learn and read at night. It's wonderful. Raj what are the three takeaways you'd like to leave the audience with today?

RS: I think the three big elements of a big bet, which our society desperately needs more of are, first finding fresh innovative solutions to the challenges we face. It's those innovations that give us the aspiration to do something different and to solve some of the biggest problems. Second, it's finding unlikely partners and building really unlikely alliances to solve these problems, and whether that's public, private, or in my case, working in government. A lot of it was working deeply with conservative Republican Senators and getting them to hold hands with liberal House members who all wanted to come together around a common basic human ideal that no child should go hungry every night in a world that is abundant in food and knowledge and the resources to prevent that kind of massive and unforgivable hunger. All of this only works if you're deeply committed to measuring results and persisting through failure, and so third, I would say, please measure results and persist for as long as it takes to succeed.

LT: Raj, thank you so much. I enjoyed your book, Big Bets, and thank you for your service at the Gates Foundation, at the Rockefeller Foundation, and as head of USAID to improve the human condition in so many places in the US and around the world.

RS: Thank you, Lynn.

OUTRO male voice: If you enjoyed today's episode and would like to receive the show notes or get new fresh weekly episodes, be sure to sign up for our newsletter at <https://www.3takeaways.com/> or follow us on [Instagram](#), [Twitter](#), [LinkedIn](#) and [Facebook](#). Note that 3Takeaways.com is with the number 3, 3 is not spelled out. See you soon at 3Takeaways.com (<https://www.3takeaways.com/>)

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