

Trachtenberg School of Public Policy & Public Administration

THE GEORGE WASHINGTON UNIVERSITY

The George Washington University
Trachtenberg School of Public Policy and Public Administration
PPPA 6063.20 (CRN: 31772)
Policy Issues in Corporate Social Responsibility and Impact Investing
Summer 2015 Syllabus
As of March 30, 2015

Time: 6:10 p.m. – 8:20 p.m., Tuesdays and Thursdays

Location: Rome Hall (801 22nd St. NW), Room 459

Professor: Joseph Firschein
joseph.a.firschein@frb.gov
703-731-5992 (cell)
202-736-5531 (work)
Office hours by appointment

Course Description:

This course examines the role of the public and nonprofit sectors in supporting corporate and investor activities that are intended to have social and environmental in addition to financial benefits. These activities -- often referred to as “Corporate Social Responsibility” (CSR) and “impact investing” -- have been described as having significant potential to create social benefits in addition to being in the financial best interests of the corporation or investor. At the same time, some critics of these activities have said that they are less about producing social benefits and more about marketing private sector activities that are primarily designed to produce corporate financial gains. The course explores what is meant by these two terms, what steps the public and nonprofit sectors have taken to support the wide range of activities that these terms encompass, and what have been the results of this work both in the United States and in other countries. The course also addresses emerging trends that are likely to affect the public and nonprofit role in CSR and impact investing in the future.

Although the course includes a discussion of financial terms used in the CSR and impact investing fields, no previous finance or investing experience is required. In addition to lectures, in-class discussions, and case studies, the course features interactive discussions with leading practitioners currently working on these issues in the public sector, at nonprofit organizations, and at for-profit firms.

Course Prerequisites: None

Required Texts:

- 1) “The Market for Virtue: The Potential and Limits of Corporate Social Responsibility.” David Vogel, Brookings Institution Press. 2005. ISBN: 978-0815790761.
- 2) Harvard Business Publishing Coursepack. The coursepack includes the eight cases listed below – the first three are focused on CSR and the remaining five are focused on impact investing:
 - a) “Crown Worldwide: Integrating Corporate Social Responsibility in Business.” Asia Case Research Centre. 2010.
 - b) “The New Meaning of Corporate Social Responsibility.” Reich, R. California Management Review, Case CMR099. 1998.
 - c) “Timberland: Commerce and Justice.” Harvard Business School, Case 9-305-002. December 21, 2004.
 - d) “Omidyar Network: Pioneering Impact Investment.” Harvard Business School, Case 9-313-090. January 2, 2013.
 - e) “Frameworks for Dialogue and Research on Social Impact Investing.” Harvard Business School, Case 9-312-091. May 31, 2012.
 - f) “Social Finance, Inc.” Harvard Business School, Case. March 15, 2013.
 - g) “Acumen Fund: Measurement in Impact Investing (A).” Harvard Business School, Case 9-310-011. May 9, 2011.
 - h) “Acumen Fund: Measurement in Impact Investing (B).” Harvard Business School, Case 9-310-017. May 9, 2011.

The coursepack is available for \$30.09 from the following Harvard Business Publishing link. The link requires students to register with a username and password (if you don't have a username, you can create one on the site the first time you register):

<https://cb.hbsp.harvard.edu/cbmp/access/35983038>

For other required readings available for free via the web, see details below under each class. Note that in addition to the required class readings, in some cases there are a number of “additional optional readings.” These readings are for students seeking additional information on a particular topic.

Student Learning Outcomes:

As a result of completing this course, students will be able to:

- 1) Understand the terminology commonly used to describe CSR and impact investing and the activities typically categorized as being part of these fields;
- 2) Identify and understand the public policy issues associated with CSR and impact investing, including steps that have been taken to date by the public sector and nonprofit organizations to facilitate CSR and impact investing;
- 3) Understand the available evidence on the effectiveness of public and nonprofit sector actions undertaken to date to facilitate CSR and impact investing and the limitations of these activities to produce social benefits;

- 4) Describe some of the challenges of public sector and nonprofit organizations working to facilitate CSR and impact investing in developing countries; and
- 5) Understand and analyze strategies employed by high performing public and private sector organizations working in the CSR and impact investing fields and describe some of the new approaches being pursued by these organizations.

Class Requirements:

Students are expected to complete the following requirements:

1. **Class Participation (15%):** Regular course attendance is required. The class participation grade will be based on student participation in the class discussions of the assigned required readings and cases. It will also be based on student understanding of the assigned required readings as indicated by class discussions. In class, students should be prepared to discuss the assigned required readings and may be called on to answer questions or summarize assigned articles and cases. Note: students will not be expected to read the “additional optional readings” listed on the syllabus for some class sessions. As noted above, those optional readings are for students seeking more information on a particular topic.
2. **Case Memo (25%):** Students will write an individual case memo on an assigned policy issue related to CSR and impact investing. The memo should be no longer than 10 single spaced pages. Detailed instructions for the memo will be posted on Blackboard.
3. **Midterm Exam (30%):** The exam will include materials covered in the class sessions prior to the midterm exam. It will focus on items specifically discussed in class and in the assigned readings.
4. **Final Exam (30%):** The exam will include materials covered in the class sessions prior to the midterm exam.

Background on Instructor:

Joseph Firschein is Deputy Associate Director and Community Affairs Officer at the Federal Reserve Board of Governors. He leads the Board’s community development and policy analysis teams that are responsible for analyzing emerging consumer and community development policies and practices in order to understand their implications for the economic and supervisory policies that are core to the central bank’s functions. These teams provide members of the Board of Governors and other divisions with recommendations for policy considerations. They also promote economic growth and financial stability for low- and moderate-income communities and individuals through a range of activities, including convening stakeholders for discussions on issues, conducting applied research, and gathering information on financial conditions.

Prior to joining the Federal Reserve Board, Joseph served as a Director in Fannie Mae’s Housing and Community Development Division where he managed the business segment responsible for financing community development financial institutions and led the

company's efforts to sell foreclosed single family homes to public entities and nonprofits. Prior to joining Fannie Mae, Joseph managed lending to community development financial institutions at the U.S. Treasury Department Community Development Financial Institutions (CDFI) Fund and served as lead community development analyst at the U.S. Office of Management and Budget (OMB) Housing Branch. Joseph has served as a board member of several local nonprofit community development organizations and is an adjunct professor at Georgetown University and George Washington University, where he teaches courses on community development finance and policy. Joseph has an MBA in Finance from the University of Maryland, Robert H. Smith School of Business; a Masters in Public Policy from the University of California, Berkeley, Goldman School of Public Policy; and a B.A. in Psychology from Stanford University.

Class Schedule

(Note: Guest speakers are still being confirmed)

Date	Topic	Reading
July 7 Class 1	<p><u>Introduction and overview:</u> Review of course organization and assignments. What is meant by the terms “CSR” and “impact investing”? What are examples of how public sector and nonprofit organizations have been involved in facilitating this work? What are some of the challenges facing policymakers and practitioners working in this area? How have the public and private sector roles evolved over time?</p>	<p>1) Vogel, D. “The Market for Virtue: The Potential and Limits of Corporate Social Responsibility.” Chapter 1 (pgs. 1-15).</p> <p>2) Cole, S. et al. “Social Finance, Inc.” Harvard Business School, Case. March 15, 2013. To purchase, use link under “required texts” section of syllabus.</p> <p>3) Gunther, M. “Unilever’s CEO Has a Green Thumb.” Fortune Magazine. June 10, 2013. Available on Blackboard site under “Readings Not on Web”</p> <p>4) Friedman, M. “The Social Responsibility of Business is to Increase its Profits.” The New York Times Magazine. September 13, 1970. Retrieved from: http://graphics8.nytimes.com/packages/pdf/business/miltonfriedman1970.pdf</p> <p><i>Additional Optional Readings:</i></p> <p>1) U.S. Department of State, Secretary of State’s Award for Corporate Excellence “2013 ACE Winners Announced.” Video clip of Secretary of State Kerry’s remarks, January 2011. Retrieved from: http://www.state.gov/e/eb/ace/index.htm</p> <p>US State Department Award for Corporate Excellence (ACE) http://www.state.gov/e/eb/rls/othr/2009/131108.htm</p> <p>2) Goldman Sachs website videos on social impact bonds. Retrieved from: http://www.goldmansachs.com/what-we-do/investing-and-lending/urban-investments/case-studies/salt-lake-social-impact-bond.html</p>

		<p>http://www.goldmansachs.com/what-we-do/investing-and-lending/urban-investments/case-studies/social-impact-bonds.html</p> <p>http://www.goldmansachs.com/s/2012annual/client-stories/innovation/</p>
<p>July 9 Class 2</p>	<p>Focus on Impact Investing: How has the impact investing industry defined itself? How does it differ from more traditional community development lending and investing efforts? What is the current size of the industry and how has the public and nonprofit sector been involved to date?</p>	<p>1) Leonard, H. “Frameworks for Dialogue and Research about Social Impact Investing.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p>2) Pinsky, M. “Impact Investing: Theory, Meet Practice.” Retrieved from: http://www.frbsf.org/publications/community/review/vol7_issue2/Pinsky.pdf</p> <p>3) Wood, D., Thornley, B., and Grace, K. “Impact at Scale: Policy Innovation for Institutional Investment with Social and Environmental Benefit.” Pgs. 1-30. Retrieved from: http://hausercenter.org/iri/wp-content/uploads/2010/05/FINAL_Impact-at-Scale_InSight_IRI_February-2012_FULL-REPORT.pdf</p> <p>4) Brooks, D. “How to Leave a Mark.” New York Times. Retrieved from: http://www.nytimes.com/2015/01/27/opinion/david-brooks-how-to-leave-a-mark.html</p> <p>5) Max, S. “From the Gates Foundation: Direct Investment, Not Just Grants.” NY Times Dealbook. Retrieved from: http://www.nytimes.com/2015/03/13/business/from-the-gates-foundation-direct-investment-not-just-grants.html?mwrsm=Email&r=0</p> <p><i>Additional Optional Readings:</i></p> <p>1) JP Morgan and the Rockefeller Foundation. “Impact Investments: An Emerging Asset Class.” November 29, 2010. Retrieved from:</p>

		<p>http://www.rockefellerfoundation.org/news/publications/impact-investments-emerging-asset</p> <p>2) Monitor Institute. “Investing for Social and Environmental Impact: A Design for Catalyzing an Emerging Industry.” Pgs. 1-30. Retrieved from: http://www.monitorinstitute.com/impactinvesting/documents/InvestingforSocialandEnvImpact_FullReport_005.pdf</p> <p>3) Global Impact Investing Rating System (GIIRS) Web Page. Retrieved from: http://giirs.org/</p>
<p>July 14 Class 3</p>	<p><u>The Challenge of Measuring Nonfinancial Impact</u>: What steps have been used to date to measure the community impact of impact investments? To what extent are there standards or independently verified certifications in place to make clear what qualifies as an impact investment and what does not qualify? What are the key takeaways from the Acumen Fund cases?</p>	<p>1) Veldman, P. “Learning Social Metrics from International Development.” Pgs. 71-112. Retrieved from: http://www.frbsf.org/community-development/files/Veldman.pdf</p> <p>2) Burd-Sharps, S. , Guyer, P., and Lewis, K. “Metrics Matter: A Human Development Approach to Measuring Social Impact.” Pgs. 26-34. Retrieved from: http://www.frbsf.org/publications/community-review/vol7_issue2/Burd-Sharps_Guyer_Lewis.pdf</p> <p>3) “Acumen Fund: Measurement in Impact Investing (A and B).” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p><i>Additional Optional Readings:</i></p> <p>1) Acumen Fund: Social Enterprise Resources. Retrieved from: http://www.acumenfund.org/uploads/assets/documents/AF%20Social%20Enterprise%20Resources_iKPWU15M.pdf</p> <p>2) Fazili, S. “A Role for the Feds? The Opportunities and Challenges in a Federal Government Role in Measuring and Defining Social Impact in the Impact Investing Field.”</p>

		<p>Pgs. 69-72. Retrieved from: http://www.frbsf.org/publications/community/review/vol6_issue1/Fazili.pdf</p> <p>3) Thornley, B. “Solidifying the Business Case for CDFI Nonfinancial Performance Measurement.” Pgs. 53-59. Retrieved from: http://www.frbsf.org/publications/community/review/vol7_issue2/Thornley.pdf</p> <p>Instructions and team assignments will be posted on Blackboard for the Group Presentation assignment</p>
<p>July 16 Class 4</p>	<p><u>Focus on CSR:</u> How has the public and nonprofit sector been involved in CSR to date? Is it appropriate for the public sector to support CSR activities? What are some current examples of corporate CSR efforts with a significant public sector and nonprofit component? What are the key takeaways from the Timberland case?</p>	<p>1) U.S. Government Accountability Office Report. “Globalization: Numerous Federal Activities Complement U.S. Business’s Global Corporate Responsibility Efforts.” Pgs. 1-35. Retrieved from: http://www.gao.gov/new.items/d05744.pdf</p> <p>2) Nelson, J. “CSR and Public Policy: New Forms of Engagement Between Business and Government.” Retrieved from: http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_45_nelson.pdf</p> <p>3) Austin, J., Leonard, H., and Quinn, J. “Timberland: Commerce and Justice.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p><i>Additional Optional Readings:</i></p> <p>1) Karoff, P. “The First Rule of Corporate Social Responsibility Is Not What You Think.” Retrieved from: http://www.ssireview.org/blog/entry/the_first_rule_of_corporate_social_responsibility_is_not_what_you_think</p> <p>2) Kirchner, J. “Three Steps to Making CSR Count.” Retrieved from: http://www.ssireview.org/blog/entry/three_steps_to_making_csr_count</p>

		ps to making csr count
July 21 Class 5	<p><u>International Context for CSR and Impact Investing:</u> What are the unique challenges posed by CSR and impact investing outside of the United States? What are the lessons learned from the international context on the role of public and nonprofit activities that support these activities? What are the key takeaways from the Omidyar Network and Crown Worldwide cases?</p>	<p>1) “Omidyar Network: Pioneering Impact Investment.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p>2) “Crown Worldwide: Integrating Corporate Social Responsibility in Business.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p><i>Additional Optional Readings:</i></p> <p>1) Karnani, A. “Mandatory CSR in India: A Bad Proposal.” Stanford Innovation Review. May 20, 2013. Retrieved from: http://www.ssireview.org/blog/entry/mandatory_csr_in_india_a_bad_proposal</p> <p>2) Murphy, S. “Corporate Partnerships for Entrepreneurship: Building the Ecosystem in the Middle East and Southeast Asia.” Retrieved from: http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_62_murphy.pdf</p> <p>3) Davis, G. et al. “The Responsibility Paradox.” Retrieved from: http://www.ssireview.org/articles/entry/the_responsibility_paradox</p> <p>4) Bray, D. “What Big Development Thinkers Ignore: 40 Years of Getting Ahead Collectively.” Pages 2-10. Retrieved from: http://www.iaf.gov/modules/showdocument.aspx?documentid=107</p>
July 23 Class 6	<u>Midterm Exam</u>	No assigned readings
July 28 Class 7	<u>The Future of CSR and Impact Investing:</u> What are some emerging trends in CSR and Impact Investing,	1) Vogel, D. “The Market for Virtue: The Potential and Limits of CSR.” Chapter 7 (pgs. 162-174).

<p>including use of technology, crowdfunding, and so-called “pay for success” models? How will these trends affect the role of public sector and nonprofit organizations working in this area?</p>	<p>2) “The New Meaning of Corporate Social Responsibility.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p>3) Greenblatt, J. and Donovan, A. “The Promise of Pay for Success.” Retrieved from: http://www.frbsf.org/publications/community/review/vol9_issue1/promise-pay-for-success.pdf</p> <p><i>Additional Optional Readings:</i></p> <p>1) Stid, D. “Pay for Success is not a Panacea.”; Retrieved from: http://www.frbsf.org/publications/community/review/vol9_issue1/pay-for-success-not-panacea.pdf</p> <p>2) Azemati, H., et al. “Social Impact Bonds: Lessons Learned So Far.” Federal Reserve Bank of San Francisco, Community Development Investment Review. Volume 9, Issue 1, 2013. Retrieved from: http://www.frbsf.org/publications/community/review/vol9_issue1/social-impact-bonds-lessons-learned.pdf</p> <p>3) Lev-Ram, M. et al. “Crowdfunding Tries to Grow Up.” Fortune. May 20, 2013. Retrieved from: http://money.cnn.com/2013/05/06/leadership/crowdfunding-kickstarter-indiegogo.pr.fortune/index.html</p> <p>4) Ravindranath, M. "While waiting for SEC regulations, crowdfunding leaders focus on investor education." Washington Post. February 27, 2013. Retrieved from: http://www.washingtonpost.com/business/on-small-business/while-waiting-for-sec-regulations-crowdfunding-leaders-focus-on-investor-education/2013/02/27/f6a65ff2-80f6-11e2-8074-b26a871b165a_story.html</p>
--	--

		<p>6) Leonard, A. "In Praise of Crowdfunding." Retrieved from: http://www.salon.com/2012/04/09/in_praise_of_crowdfunding/</p>
July 30 Class 8	<p><u>Case Study:</u> Department of Commerce, International Trade Administration</p> <p>Guest speaker: Paul Thanos, Director, Office of Finance and Insurance Industries, International Trade Administration U.S. Department of Commerce</p>	<p>Assigned readings to be provided</p> <p>Case Memo due via e-mail by beginning of class</p>
August 4 Class 9	<p><u>Case Study: Small Business Lending and Investing:</u> What is the Small Business Administration's Small Business Investment Company (SBIC) program and what steps has the SBA taken to support impact investing as part of this program? What are other public and nonprofit sector tools used to support small business lending and investing?</p>	<p>1) Start-Up America Impact Investment SBIC Initiative Policy Update. September 2012. Retrieved from: http://www.sba.gov/sites/default/files/files/External%20Impact%20Memo%202012-09-26%20final.pdf</p> <p>2) "Micro-lender Kiva Zip off To as Fast Start in Milwaukee" February 2015. Retrieved from: http://www.jsonline.com/business/micro-lender-kiva-zip-off-to-a-fast-start-in-milwaukee-b99446722z1-292238371.html</p> <p>3) Federal Reserve Bank of Richmond. "New Alternatives in Small Business Financing." Retrieved from: http://www.richmondfed.org/publications/community_development/marketwise_community/2011/pdf/vol02_issue01.pdf</p>
August 6 Class 10	<p><u>Case Study on Benefit Corporations and B Lab:</u> We will use this class to drill down on the question of whether states should enact Benefit Corporation legislation. What are the key</p>	<p>1) White Paper on the Need and Rationale for the Benefit Corporation. January 18, 2013. Retrieved from: http://www.benefitcorp.net/storage/documents/Benefit_Corporation_White_Paper_1_18_2013.pdf</p>

	<p>policy issues associated with this legislation? To what extent does B Lab fulfil a valuable role in encouraging the development of Benefit Corporation?</p>	<p>2) B Corporations Video: December 2010 Ted Talk. Retrieved from: http://www.youtube.com/watch?v=mGnz-w9p5FU</p> <p>3) Freeland, C. "Capitalism, but With a Little Heart." July 18, 2013. Retrieved from: http://www.nytimes.com/2013/07/19/us/19iht-letter19.html?_r=2&</p> <p><i>Additional Optional Readings:</i></p> <p>1) March 2012 PBS NewsHour clip: http://www.youtube.com/watch?v=99vksspg2GI</p> <p>2) B. Corporation 2012 Annual Report. B Lab. Pgs. 1-10. Retrieved from: http://www.bcorporation.net/resources/bcorp/documents/BcorpAP2012_Web-Version.pdf</p> <p>3) The B Corporation: A business Model for the New Economy. Retrieved from: http://capitalinstitute.org/node/171</p>
<p>Aug. 11 Class 11</p>	<p><u>Final Exam</u></p>	<p>No assigned readings.</p>

TSPPPA Class Policies

1. Incompletes: A student must consult with the instructor to obtain a grade of I (incomplete) no later than the last day of classes in a semester. At that time, the student and instructor will both sign the CCAS contract for incompletes and submit a copy to the School Director. Please consult the TSPPPA Student Handbook or visit http://www.gwu.edu/~ccas/faculty/files/Incomplete_poli0.pdf for the complete CCAS policy on incompletes.
2. Submission of Written Work Products Outside of the Classroom: It is the responsibility of the student to ensure that an instructor receives each written assignment. Students can submit written work electronically only with the express permission of the instructor.
3. Submission of Written Work Products after Due Date: Policy on Late Work: All work must be turned in by the assigned due date in order to receive full credit for that assignment, unless an exception is expressly made by the instructor.

4. Academic Honesty: All examinations, papers, and other graded work products and assignments are to be completed in conformance with the George Washington University Code of Academic Integrity. (see <http://www.gwu.edu/~ntegrity/code.html>)

Note especially the definition of plagiarism: “intentionally representing the words, ideas, or sequence of ideas of another as one’s own in any academic exercise; failure to attribute any of the following: quotations, paraphrases, or borrowed information.”

5. Changing Grades After Completion of Course: No changes can be made in grades after the conclusion of the semester, other than in cases of clerical error.

6. The Syllabus: This syllabus is a guide to the course for the student. Sound educational practice requires flexibility and the instructor may therefore, at her/his discretion, revise content and requirements during the semester.

7. Accommodation for Students with Disabilities: In order to receive accommodations on the basis of disability, a student must give notice and provide proper documentation to the Office of Disability Support Services, Marvin Center 436, 202-994-8250. Accommodations will be made based upon the recommendations of the DSS Office.

8. University Counseling Center: The University Counseling Center (UCC), 202-994-5300, offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include:

- crisis and emergency mental health consultations
- confidential assessment, counseling services (individual and small group), and referrals

<http://gwired.gwu.edu/counsel/CounselingServices/AcademicSupportServices>

###