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Blending Capitals for Peace

An Approach to Peace in Colombia Through Blended Finance & The Blockchain

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Acronyms, Terms & Abbreviations

AAAA – Addis Ababa Action Agenda

AML – Anti-Money Laundering

AI – Artificial Intelligence

CBO – Community Based Organization

CCF – Community Capitals Framework

CSA – Community Supported Agriculture

CTF – Counter-Terrorist Financing

DLT – Distributed Ledger Technology

DRM – Domestic Resources Mobilization

EDT – Ego Development Theory

ELN – Ejercito Liberacion Nacional (National Liberation Army)

FARC – Fuerzas Armadas Revolucionarias de Colombia

FCS – Fragile & Conflict-affected Situations

FSPs – Financial Service Providers

G7 – Group of Seven

G20 – Group of Twenty

GIIN – Global Impact Investing Network

Glocal – Global+Local

GRI – Global Reporting Initiative

ICAS – Institute of Chartered Accountants of Scotland

ICOs – Initial Coin Offerings

IFC – International Finance Corporation

IFFs – Illicit Financial Flows

IIRC – International Integrated Reporting Council

IPO – Initial Public Offering

LDCs – Least Developed Countries

MIC – Middle-Income Country

Mixologist – *Blending Capitals* Specialist

MSMEs – Micro-, Small-, & Medium-sized Enterprises

ODA – Official Development Assistance

OECD – Organization for Economic Co-operation and Development

PCZs – Post-Conflict Zones

SARs – Suspicious Activity Reports

SDGs – Sustainable Development Goals

SMEs – Small- & Medium-sized Enterprises

UN – United Nations

UNGC – United Nations Global Compact

VR – Virtual Reality

WBCSD – World Business Council for Sustainable Development

WEF – World Economic Forum

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Executive Summary

> "To keep the planet inhabitable we must now aim not only for our own human well-being but also the well-being of the whole system of which we are a part. This aim will mean finding ways of meeting our needs that are in line with three principles: first, that the meeting of any one need does not compromise the meeting of any other need; second, that the meeting of any one person's needs does not compromise the meeting of any other person's needs; and third, that the meeting of human needs in general does not compromise any of the attributes of the world—such as a functioning biosphere—that enable our needs to be met."[1]

Colombia endured a civil war for more than five decades, witnessing the death of roughly a quarter of a million of its citizens and the displacement of an additional five million. The promise of lasting peace in this post-conflict environment hinges on the strengthening of rural livelihoods in those parts of Colombia most affected by the violence. That strengthening, in turn, is contingent on to what degree the public, private, and social sectors (*domestically and internationally*) can mobilize resources and efforts to mitigate the risk of the return of violence through maximizing the socio-economic, environmental, and wellness potential of rural communities in fragile and conflict-affected situations (FCS) – a task that heretofore has been notably untenable.

Further exacerbating the challenge of financing entrepreneurial efforts in these regions of Colombia are investors' concerns regarding funds being diverted into illicit financial flows (IFFs). IFFs in rural, post-conflict zones potentially include: corrupted officials, money-laundering, illicit agricultural cultivation & drug production, the drug cartels and gangs overseeing these operations, and/or terrorist groups such as the National Liberation Army [Ejercito Liberacion Nacional (ELN)]. The obstacles to the financial enabling environment are numerous and complex, and intensify the risk uncertainty that impedes investment flows. Nevertheless, there are reasons to be optimistic.

As a first candidate for optimism, when the Sustainable Development Goals (SDGs) were laid out in 2015 at the UN General Assembly Meeting, there were two items, in particular, that spoke directly to Colombia's situation:

> **Goal #16: Peace, Justice, and Strong Institutions** – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

> **Goal #17: Partnerships for the Goals** – "To successfully implement the 2030 Agenda for Sustainable Development, we must swiftly move from commitments to action. To do that, we

[1] Tibbs, H. (2011). A Return To The Value Of Being Human. In D. Pinchbeck & K. Jordan (Eds.) *What Comes After Money?: Essays from Reality Sandwich on Transforming Currency and Community* (201-224).

> need strong, inclusive and integrated partnerships at all levels." Former UN Secretary-General Ban Ki-moon

In essence, the nations of the world have agreed on a set of elements, in this case -- sustainable development, peaceful and inclusive societies, and partnerships – to generate more sustainable communities and livelihoods for all people. Through **SDGs #16 & #17**, the UN has, in effect, extended a global invitation to invest in peace in order to realize sustainable development.

"If the SDGs are to succeed, they must promote an inclusive approach to growth, and mobilize innovative sources of financing while phasing out investment in unsustainable activities in all countries."[2] These words segue to a second reason for optimism: Blended Finance. This innovative approach to financial mobilization is opening emerging markets to the inflow of private investments via the strategic integration of both official development assistance (ODA) and philanthropic assistance. In effect, multiple streams of financing, consciously "blended," support the de-risking of the overall investment landscape.

Although it is not explicitly stated by Stafford-Smith, et al.[3], it may be argued that "phasing out investment in unsustainable activities" refers, in part, to eliminating IFFs – a major impediment to the enabling environment in Colombia. Doubtless, this risk mitigation must unfold concurrently to insure the viability of Blended Finance. Un-crossable "red-lines" will be instituted by ODA sources unwilling to inadvertently earmark funds for terrorism. The enabling environment, therefore, will rely heavily on the technological advancements of recent years: artificial intelligence, blockchain, and the authentication & verification of individual and collective identities. Human progress in these areas clearly provides reasons to be optimistic.

Multi-capital frameworks are another reason for optimism. Early on, capitalism recognized three capitals – financial, produced (manufactured), and human – as integral to its success, with the remaining set of capitals relegated to the category of "externalities" by businesses and accountants alike (see, for example, the explanation of the "$200 hamburger"[4]). New frameworks, however, emphasize the inclusion of these "external" capitals, aiming to engage all sectors in measuring & reporting the level of capitals utilized in their operations and their resulting direct & indirect impacts on the net global capital stocks. Efforts such as *Reporting 3.0*, the work of the *Capital Institute* on regenerative capitalism, and newly conceived models from academics focused on ecological economics all deliver insights into a burgeoning set of multi-capital frameworks.

A final reason for optimism involves the growth & development of our understanding of a post-modern capital, what we will refer to as "awareness capital." Neuroscientist Andrew Newberg,

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[2] Stafford-Smith, M., Griggs, D., Gaffney, O., Ullah, F., Reyers, B. Kanie, N., Stigson, B., Shrivastava, P., Leach, M., and O'Connell, D. (2016). Integration: the key to implementing the Sustainable Development Goals, *Sustainability Science and Implementing the Sustainable Development Goals*, (p.1-9).
[3] Ibid.
[4] Patel, R. (2010) *The Value of Nothing: How to Reshape Market Society and Redefine Democracy*. Picador.

director of research at Thomas Jefferson University Hospital's Marcus Institute of Integrative Health, and his colleague Mark Robert Waldman have recently published their "Spectrum of Human Awareness," which speaks specifically to changes in the human brain that accompany increases in awareness capital. Their research findings match well with the past century's discussion of human developmental theory by such figures as Piaget, Maslow, Kegan, Gardner, Cook-Greuter, and Wilber, among a host of others. According to Newberg and Waldman, the emergence of the capacity to alter our awareness speaks specifically to changes in the frontal & parietal lobes in the brain, as well as the thalamus, the latter of which "helps us to build reality models of the world."[5] Awareness capital, it is posited, will assist in establishing a foundation from which integrative approaches to "blending capitals" can be designed and implemented in order to foster peace in Colombia.

What follows is an exploration of how peace and sustainable development may manifest in some of the most vulnerable rural communities in Colombia – those in the post-conflict zones – in the form of direct & indirect support of the advancement of entrepreneurial ventures through public, private, and civil society partnerships. This journey takes us on a review of the more recent, promising advances in collective, integrative thinking - - neuroscience & human developmental theory, blockchain & distributed ledger technology (DLT), mobile tagging, artificial intelligence, integrated reporting, impact investing, blended finance, and blending capitals. With these relatively nascent technologies at our disposal, humanity has an opportunity to reframe an old adage: *It takes a planet to raise a village*.

[5] Newberg, A. and Waldman, M.R. (2016). How Enlightenment Changes Your Brain: The New Science of Transformation. New York, USA, Penguin Books.

Setting the Context

In the spirit of the Addis Ababa Action Agenda (AAAA) to mobilize public finance; to set appropriate frameworks to unlock private finance, trade opportunities and technological development; and to align the international financial, monetary and trading system with economic, social and environmental priorities, ***we are putting forward the need for a local approach to Blended Finance in Colombia: "Blending Capitals for Peace."*** Rooted in the Financing for Development process, ecological economics, regenerative capitalism, integrated thinking & reporting, and blockchain technology, this holistic approach entails both domestic actions and a commitment to create an international enabling environment that supports, in this case, the national efforts for peace in the post-conflict zones of Colombia through entrepreneurial resilience, innovation, and expansion.

At their 2013 summit, the G7 nations declared impact investing a national priority. Each of those countries has subsequently set up a National Advisory Board to promote policy nationwide. Banks, private wealth managers, and institutional investors are developing departments of "social finance," "social investment," and "impact investment." Over 300 documented funds invest in businesses that provide a social return. The 2017 Global Impact Investing Network (GIIN) *Annual Impact Investor Survey* reported impact investments valued at $114 billion USD currently under management by 208 respondents to its survey.[6] With an unprecedented $40 trillion poised to move inter-generationally from "baby boomers" to "Millennials" worldwide[7], the pool of impact investment dollars is likely to grow substantially in the coming decades.[8]

In spite of this maturing financial flow into impact investing, access to financing remains one of the most significant constraints for the survival, growth, and productivity of micro-, small-, and medium-sized enterprises (MSMEs), *especially* in emerging markets. The G20 countries, in developing their Global Partnership for Financial Inclusion, made small- and medium-sized enterprise (SME) finance one of their core work streams. Realizing the benefits to employment, innovation, and the provision of many key goods and services depends on including SMEs, *not individuals only*, in countries' financial inclusion strategies.

This "credit gap" results from both demand- and supply-side problems. Many SMEs are reluctant to seek, or cannot access, credit due to: 1) the reams of financial documentation, little ability to manage funds, and collateral requirements for obtaining a loan; 2) high costs and interest rates; and 3) multi-

[6] Mudaliar, A., Schiff, H., Bass, R., and Dithrich, H. (2017). 2017 Annual Impact Investor Survey. *Global Impact Investing Network*, p. 1-62.

[7]Havens, J. J., and Schervish, P. (2003). Why the $41 Trillion Wealth Transfer is still valid: A Review of Challenges and Questions. *The Journal of Gift Planning*, 7 (1), pp. 11-15, 47-50.

[8] "Sustainable Signals: New Data from the Individual Investor," *Morgan Stanley Insitute for Sustainable Investing*, August 2017. (https://www.morganstanley.com/pub/content/dam/msdotcom/ideas/sustainable-signals/pdf/Sustainable_Signals_Whitepaper.pdf)

week decision timeframes. On the supply side, the problems, as Wood, et al.[9] point out, are numerous: 1) legal & regulatory concerns, 2) difficulties identifying suitable targets for financing, 3) the need for technical assistance, 4) high transaction & due diligence costs, 5) political & currency risks, and 6) the illiquidity of the SME equity market.

Then, there is the enormous disconnect between financial investment and investment in human, natural, cultural, wellness, and social capitals. *The World Business Council on Sustainable Development* (WBCSD) describes the dilemma thus:

> "Despite growing awareness, there is little consensus on how companies can assess the value of these intangible assets. This means that most CEOs, investors and other key decision-makers are operating without essential information about these assets to make sound business decisions. In many cases this leads to undervaluing company assets and the benefits they receive and consequently, under-investment in the social capital on which they depend. Put simply, you don't value what you don't value." [10]

Investors and company executives alike are known to say: "It's all about the people." However, the focus of the sector supporting entrepreneurs, to-date, could be described as being "all about the money."[11] As a specific example, in eight highly publicized reports related to impact investing released over the past three years[12], there were over 3,041 terms referencing financial capital for enterprises, but only 106 references to human capital.[13]

In summation, there is an abundance of ready-to-be-invested financial capital; yet, there is a slate of barriers to investment. Additionally, there is a lack of apprehension of the full array of relevant capital stocks contributing to, and resulting from, entrepreneurial operations; consequently, there is a considerable dearth in the valuation of those capitals traditionally deemed "external" or "intangible." The preponderance of investors (all wielding their financial capital), therefore, is seeking a return of *financial* capital, to the exclusion of a host of other, equally worthy capitals. Arguably, this "Capital Awareness Divide" serves as *the* underlying obstacle to large-scale private investment in MSME's, especially in fragile & conflict-affected situations (FCSs), and the still larger

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[9] Wood, D., Pratt, C., and Hoff, B. (2006). Investing in the Backbone of Emerging Markets. *Boston College Center for Corporate Citizenship's Institute for Responsible Investment*, Working Paper, p. 1-12.
[10] Cerri, K., and Veglio, F. (2016). Building the Social Capital Protocol: Insights into employment, skills and safety. *World Business Council for Sustainable Development,* p. 1-29.
[11] Baird, R., and Desjardins, S. (2015). Show me what you can do: Diagnosing the Human Capital Challenge for Social Entrepreneurs and Exploring Emerging Solutions. *Shell Foundation.* p. 1-49.
[12] The eight industry reports reviewed for this were: (1) "Impact Investing 2.0", (2) "Priming the Pump", (3) Bridging the Pioneer Gap, (4) From Blueprint to Scale, (5) Beyond the Pioneer Gap, (6) "Emerging Markets, Emerging Models", (7) JP Morgan/GIIN annual investor survey and (8) the GIIN 2013 report.
[13] The terms related to financial capital were: "money", "cash", "funds", "assets", "investing", "funding", "investment", "debt", "equity", "venture capital", "finance", "financing", and "bank". The terms related to human capital included: "human resources", "human capital", "HR", "employee", "employer", "salary", "team", "company culture," "retention", "recruitment", "recruiter", "interview" and "hiring".

category of SDG's representing the broader collective of global capital stocks. Impact investing may provide some minor "relief" as an investment vehicle for investors committed to multi-capital ROI; nevertheless, as long as this divide remains, MSME investment will be markedly impaired.

Questions & Further Inquiry…

What are the implications of more financial resources seeking investment opportunities in Colombia, especially in rural, post-conflict communities?

The growth in funding for agriculture is well-documented; with efforts underway on the African continent to direct funds into fragile & conflict-affected situations (FCSs) by the International Finance Corporation (IFC) and other actors, are we likely to see similar initiatives in Colombia as the peace process continues to unfold?

With increasing emphasis on developing protocols for quantitatively measuring social, human, and other non-financial capitals by the *WBCSD* and similar organizations in the context of corporate reporting, can we anticipate a shift in the investment of financial capital to integrate with these other capitals?

If the changing landscape of measuring non-financial capitals does not alter the approach to financial investment, can the prospect of peace in Colombia, and the corresponding need for both non-financial and financial investment in order to achieve this goal, provide sufficient impetus to do so?

Enabling Environment Challenges

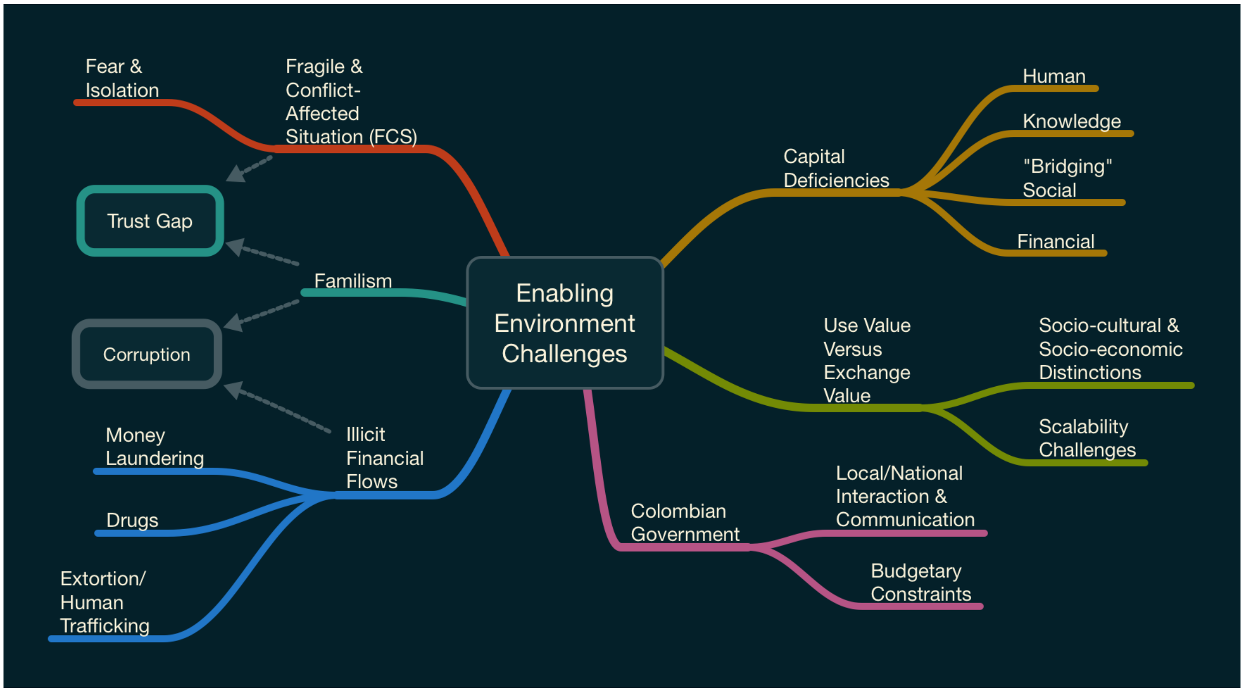

Figure 1: Enabling Environment Challenges

> "In the southern extremities of the Cauca Valley, Colombia, it is commonly thought that the male plantation workers can increase their output, and hence their wage, through entering into a secret contract with the devil. However, the local peasants, no matter how needy they may be, never make such a contract when working their own plots or those of their peasant neighbors for wages…Analysis of these beliefs in the social and historical context indicates that the lower classes' implicit understanding of the new mode of production is inherently critical and antagonistic and that the axiomatic basis of this antagonism rests on their conscious opposition of 'use values' to 'exchange values' – the opposition of the satisfaction of natural wants, on the one side, to the limitless search for profits and capital accumulation on the other."[14]

Bringing investment to rural communities and entrepreneurs in Colombia is indeed a sizeable hurdle. Socio-cultural & ideational challenges, such as those mentioned by Taussig (above) in 1977, represent but a sliver of the broader montage. Numerous questions prevail, especially regarding the "financial fitness" of the national government, presencing a reality of the cooling of growth in the country and rising budget deficits. The peace accord has been viewed as conciliatory - - unsettling

[14] Taussig, M. (1977). The Genesis of Capitalism amongst a South American Peasantry: Devil's Labor and the Baptism of Money. *Comparative Studies in Society and History*. 19(2), 130 – 155.

[and, in some cases, infuriating] those who have been impacted by FARC (Fuerzas Armadas Revolucionarias de Colombia) rebels. And, the rural communities most-in-need of capital infusion are also those where gangs and other violent factions have taken residence in the vacuum of economic opportunity.

Colombian investment is additionally thwarted by concerns regarding money-laundering, corruption, organized crime, drug production, and terrorism. Sources of ODA investment are highly reticent to invest monies that could easily be diverted to support these illicit activities. The U.S. war on drugs proves equally disruptive, as numerous rural communities seeking economic opportunity are in close proximity to the front lines of this battle.

Challenges to Financing Peace in Colombia

Discussions and action on financing peace in Colombia and other countries normally revolve around the traditional use of ODA in the context of a limited definition of "country ownership." Colombia ranks as a Middle Income Country (MIC), however, which will also soon become a member of the Organization for Economic Co-operation and Development (OECD). In the context of attribution and use of ODA to Least Developed Countries (LDCs), Colombia is ill-advised to attempt to build a successfully-funded peace strategy around an already globally-declining pool of ODA resources. This means a transition to Domestic Resources Mobilization (DRM) and leveraging global private financing instead. Unsurprisingly, there are a host of challenges which arise from this shift.

Additionally, the global economic conditions and regional situation are not favorable to support Colombia's economic and social development. Depending principally on oil and mining, Colombia's opportunity to raise funds to support a 15-year peace process is not positive. A recent fiscal reform has produced little new income to help pay for the peace process. Ability to implement further fiscal reform is less than promising as Colombia counts on a small Middle Class, a highly taxed private sector, and a majority of citizens generating untaxed income.

Further challenges include less-than-adequate construction of homes, condominiums, schools, and other infrastructure to confront the increasing precipitation in certain parts of the country. Housing that has arisen in areas which were once considered "safe" are falling prey to rockslides and flash floods, as was evidenced in Mocoa, Colombia, earlier in 2017, when 300+ individuals perished. And, with 3,208 kilometers of coastline, roughly 2000 miles, Colombia is ill-suited to address sea-level rise, corresponding displaced communities (potentially exacerbating conflict), and other implications, including disease and potential depletion of clean water supplies that accompany global climate change.

During a recent World Bank Forum on Financing Peace, "the need for better financing solutions to tackle the challenges of fragility, conflict and violence, across a diverse group of low- and middle-income countries, was the focus of this high-level discussion. How to work with the private sector and scale up innovative approaches were key themes. In recent years, the world has witnessed an 'expansion of the footprint of crisis,' according to **World Bank CEO, Kristalina Georgieva.** What is needed is to bring private finance and trade to places where it would normally not go: 'If you bring down the risk for private investors, the money will flow,' she said."[15]

Similar to the current discussions on the SDGs, the means of implementation and financing of the peace process are rarely discussed mutually which leaves major gaps and creates conditions for further fragmentation and duplication of efforts.

Human Capital and Social Capital: Universal Challenges

In the third quarter of 2015, Ross Baird (*Village Capital*) and Simon Desjardins (*Shell Foundation*) inked a report for the *Shell Foundation* entitled "Show me what you can do." In the opening to the *Research Findings* section of the report, Baird and Desjardins wrote:

> "Among the surveyed entrepreneurs, two issues stood out above the rest as most difficult: access to finance, and access to human capital. Logistics ranked a distant third. As Ernest Jura of Collabmed[16], a healthcare start-up in Nairobi, stated, 'My first concern is revenue, and then talent.' In late 2014, Accion Venture Lab surveyed 35 financial inclusion CEOs globally and found that 'talent' was identified as a top issue facing their organizations, and the single most important issue for them personally. Even more recently, in a mid-2015 survey done by Bain & Company for Accion Venture Lab, 'human resources' was identified most frequently as the biggest organizational need (in a tie with 'sales/marketing') in a series of interviews of C-Suite managers across 21 enterprises."[17]

While financing is cited as the greatest challenge for social entrepreneurs, as the *Shell Foundation* bears out in its report, attracting talent is proving almost as equally challenging. (Talent, in our opinion, is best considered in the context of not only human capital, but also social, cultural, intellectual, wellness, and awareness capitals; although, this was not the focus of the *Shell Foundation* report.) The report further details the use of two leading sourcing methods for talent – referrals and personal connections, at 56% and 53% respectively – as the most commonly used means of drawing human capital to the enterprise, outranking the third sourcing method – social networks, at 23% - by a more than 2-to-1 ratio.[18]

Notably, the two leading sourcing methods are forms of "bonding" social capital, or "close ties," whereas, there is a strong body of research that suggests that only in combination with "bridging"

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[15] World Bank Live (2017). Financing for Peace: Innovations to Tackle Fragility. (http://live.worldbank.org/financing-for-peace).

[16] Collabmed aims to improve patient care by creating solutions that effectively and efficiently manage healthcare information.

[17] Baird, R., and Desjardins, S. (2015) Show me what you can do: Diagnosing the Human Capital Challenge for Social Entrepreneurs and Exploring Emerging Solutions. *Shell Foundation.* p. 16.

[18] Ibid. p. 19.

social capital, i.e., "the strength of weak ties"[19] are we likely to see the most robust, successful outcomes, especially in the case of nascent entrepreneurship.[20] Yet, the vast majority of initiatives that support entrepreneurs are focused on providing some form of financial capital or, as Davidsson & Honig discovered, governmental "programs specifically targeted to promote certain entrepreneurial activities."[21] The emphasis on training, technical assistance, and education, albeit valuable in the context of human capital, does not hold as much value to early stage ventures as the expansion of social capital, "bonding" *and* "bridging," but particularly "bridging." *Bonding* social capital refers to networks consisting of individuals who are similar to one another in important respects; while *bridging* social capital refers to networks which include individuals who are unlike one another in many of those same respects.[22] *Bonding* and *bridging* social capital, according to the prevailing research, appear to have a measurable impact on an entrepreneur's ability to attract both financial and human capital.

These thoughts stem directly from Flora & Flora (1993) who pointed out, a decade prior to the formulation of their *Community Capitals Framework* (2004), that there are three aspects to "Entrepreneurial Social Infrastructure": symbolic diversity, resource mobilization, and quality of linkages[23] in the context of rural communities. "Symbolic diversity is a collective or community-level orientation toward inclusiveness rather than exclusiveness," they wrote; whereas, resource mobilization relies on the "willingness" of residents to financially invest in their collective quality of life; and quality of networks is reliant on: 1) diversity, 2) "lateral learning" (horizontal networking) and 3) "vertical" networking "to private and public resources outside the community."[24]

Onyx & Bullen (2000) provide additional insights on *bonding* and *bridging* social capital. They undertook a study in Australia in which they measured social capital across five communities. From the results of the study they concluded, in part:

> "This pattern seems to suggest that rural communities generate considerable *bonding* social capital, characterized by strong mutual support within the local level and high levels of participation in community life. However, such support is likely to be limited to insiders and may not be extended to minority groups within the local area or those outside the area. On the other hand, urban areas may be characterized by greater tolerance and individual initiative within the social setting, suggesting weaker ties, or

[19] Granoveter, M. (1973). The strength of weak ties. *American Journal of Sociology* (78), p. 1360-1380.
[20] Davidsson, P. and Honig, B. (2003). The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing* 18(3), p. 301-331.
[21] Ibid. p. 301
[22] Geys, B. and Murdoch, Z. (2010). Measuring the 'Bridging' versus 'Bonding' Nature of Social Networks: A Proposal for integrating Existing Measures. *Sociology*, 44(3), p.523-540.
[23] Flora, C.B., and Flora, J.L. (1993) Entrepreneurial Social Infrastructure: A Necessary Ingredient. *Annals of the American Academy of Political and Social Science*, (529) p.48-58.
[24] Ibid. p. 51-57.

> *bridging* social capital."[25]

In the context of Colombia, the distinction between *bonding* and *bridging* social capital is indeed relevant when we consider the enabling environment and the challenges therein.

Familism vs *Bridging* Social Capital: The Latin American Hurdle

Francis Fukuyama lays out the dramatic struggle of MSME investment in Latin America as a major outgrowth of "familism," or *bonding* social capital, and the subsequent lack of *bridging* social capital, or trust in vertical networks, that accompanies it. He wrote:

> "While it is difficult to quantify culture as an end in itself, the functionality of culture in economic terms is much more measurable. Not all norms and values, and hence not all cultures, are equally equipped to foster economic growth. Or to put it in economics jargon, not all societies have equal stocks of social capital…
>
> Business life in most of Latin America remains, in other words, familistic: the strongest and most reliable bonds of trust are among family members, or else among relatively small circles of close personal friends. Social capital, thus, resides primarily in kinship networks, and in many respects such networks constitute an important social asset. Nevertheless, as Edward Banfield explained more than 40 years ago, "Familism also constitutes a liability, since it denotes a lack of trust among strangers."[26]

Fukuyama further explains that the lack of trust associated with familism limits the economic expansion of enterprises and foments lack of transparency, consequently deterring external investment and partnership. Perhaps even more insidious, familism contributes to political corruption, as family members are often promoted into the ranks of government without objective recognition that these individuals may be far from qualified.

Given the prevalence of familism in Latin America, the underlying assumption is that all entrepreneurs will have at least some level of *bonding* social capital, or "horizontal networking" inherently available to them: What nascent entrepreneur in even the most remote regions of Colombia will have failed to acquire close family relationships and close friends by the time s/he is planning to launch a venture? Granted, the answer to this question may be "none," but have these nascent entrepreneurs received any guidance outside of a very tightly-woven contingent of family and friends? Can they viably access "lateral learning" through these horizontal networks? Will they have access to an intimate, yet somewhat diversified, supporting cast for their enterprise?

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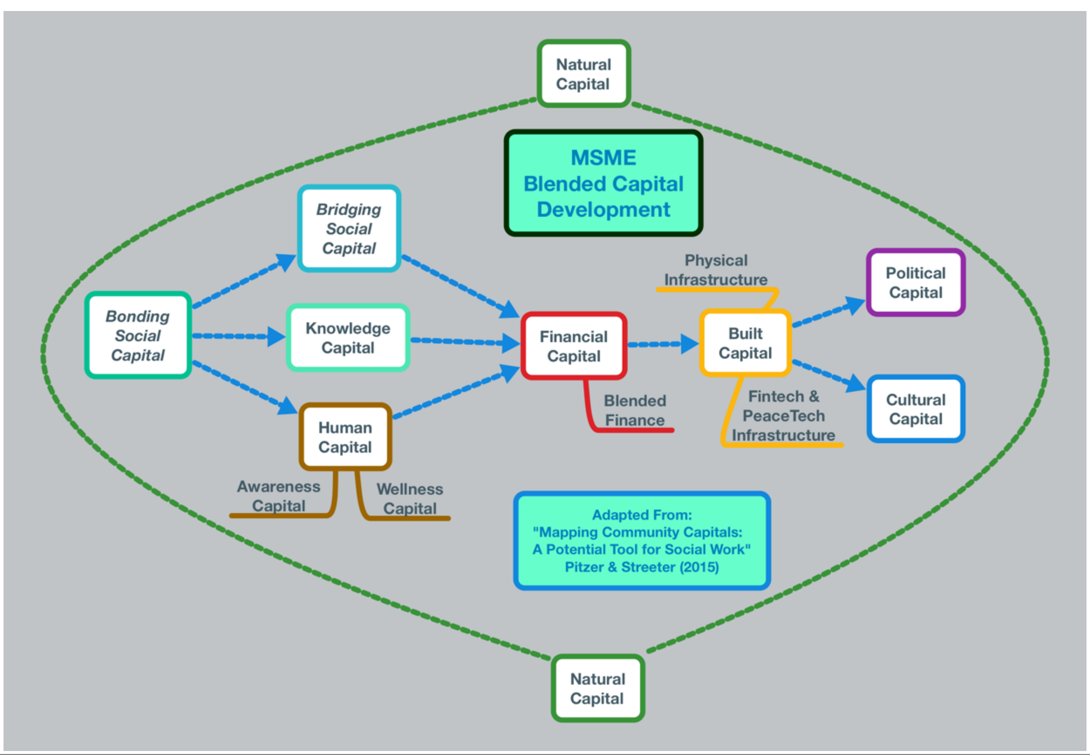
[25] Onyx, J. and Bullen, P. (2000). Measuring Social Capital in Five Communities. *Journal of Applied Behavioral Science* 36(1), p.23-42.

[26] Fukuyama, F. (2002). Social Capital and Development: The Coming Agenda. *SAIS Review*, 13(1), 23 – 37.

If the answer to any of *these* questions is "no," we can readily infer that without the concomitant vertical networks of *bridging* social capital, these early stage ventures will be hard-pressed to progress. In post-conflict zones in Colombia, the scarcity of *bridging* social capital -- attributed, in part, to a corresponding *negative* influence of cultural capital, i.e., familism -- combined with the level of isolation and lack of trust for many of these impacted communities, is anticipated to distinctly exceed that of non-conflict-zone rural communities.

Thus, what are arguably the two most important determinants of entrepreneurial success – *bonding* and *bridging* social capital - are overshadowed by: 1) an abundance of strategies to access funds (financial capital), with far fewer approaches to delivering greater technical knowledge (human capital), 2) familism – the constraints of a *bonding* social capital-centric culture in Latin America, and 3) the dearth of *bridging* social capital in these contexts. The general consensus, at least among academics, points to the strength of *bridging* and *bonding* social capital, *in combination.* If the focus of investment strategies is, first and foremost, limited to financial capital, as has typically been the case, it is anticipated that MSME-directed investment in post-conflict zones will vastly underperform in comparison to other markets. Whereas, by setting priority to directing initial capital infusion as *bonding* and *bridging* social capital; followed by human (awareness & wellness), and [collective] knowledge capitals; and subsequently, financial (blended finance), built (physical infrastructure & Fintech/Peacetech infrastructure), and political and cultural capitals, we may provide the basis for a more robust model for MSME success (Figure 2).

Figure 2: MSME Blending Capitals Road Map



Questions & Further Inquiry…

What general assumptions about the Enabling Environment will prove problematic in determining how to engage *bridging & bonding* social capital as well as human and knowledge capital in support of entrepreneurs in post-conflict zones (PCZ's)?

What can we do to expand our understanding of the enabling environment challenges in PCZs in Colombia?

If human & social capital stocks are significantly suppressed in PCZs, resulting in both a talent gap and a trust gap, can these be addressed simultaneously?

How will Familism impact the development of *bridging* social capital in rural communities? What steps may be taken to address this challenge without impacting the *bonding* social capital and be seen as cultural insensitivity on the part of visitors?

Blending Capitals & Blended Finance

What is Blended Finance?

In September 2015, the Organization for Economic Co-operation & Development (OECD) and the World Economic Forum (WEF) released a paper entitled "A How-To Guide for Blended Finance." In the opening salvo of the *Executive Summary* (p.4) the authors wrote:

> "Blended Finance is an approach to development finance that employs the '*strategic use of development finance and philanthropic funds to mobilize private capital flows to emerging and frontier markets'* and is characterized by three characteristics:
>
> - **Leverage:** Use of development finance and philanthropic funds to attract private capital.
> - **Impact:** Investments that drive social, environmental, and economic progress.
> - **Returns:** Returns for private investors in line with market expectation based on perceived risk."

At the recent *Financing for Development Forum* in New York (May 2017), Blended Finance was again mentioned as one of the most promising mechanisms to help finance the needs and opportunities associated with the SDGs. The OECD, the UN, and the WEF are some of the international bodies continuing to work on compiling information on Blended Finance initiatives globally.

To date, the results of Blended Finance have been mixed, as the first prototypes have featured different methodologies among stakeholders resulting in an inability to compare findings and insights in support of the entire field. In 2016, however, the European Union (EU) introduced the European Investment Plan (EIP) and is in the process of rolling out what has been referred to as "Blending 2.0"[27] The EIP's overall aim is to promote sustainable private investments with a view to tackling some of the root causes of migration in Africa and the EU Neighbourhood. "Its main ambition," write San Bilal and Sebastian Große-Puppendahl, "is to provide a coherent integrated framework and approach to the EU's external investment support; a 'one-stop-shop', which contributes to the global architecture for long-term sustainable development."[28] What is evident in the description of the EIP is that designers of the framework have taken into consideration the multiple stakeholders, the need for non-financial capital investments, and the significance of sharing and learning across projects, approaches, and implementation – a transitional upshift, indeed.

[27] Bilal, S. and Große-Puppendahl, S. (2016). Blending 2.0: Towards new (European External) Investment Plans, *European Centre for Development Policy Management (ECDPM)* (p. 1-31). (http://www.ecdpm.org/dp207) retrieved 29 June 2017.

[28] Ibid. p. vii

How Might We Envision Blended Finance in Colombia?

Recognizing that Blended Finance is meant, first and foremost, to mobilize large-scale private investment by leveraging development finance and philanthropic funds to mitigate risk, it appears that there is room to expand the field of supporting investments to enhance risk mitigation, particularly at the incubation phase of an enterprise. In the context of a post-conflict Colombia, for example, we propose that the potentially expanded landscape of Blended Finance – the "Blending Finance Ecosystem" - might look similar to Figure 3. Note that in the Blending Finance Ecosystem the three elements of Blended Finance expand to eight, inclusively: 1) *Enterprise Philanthropy*, 2) *Institutional Investors*, 3) *Loans*, 4) *Crowdfunding*, 5) *Personal Financing*, 6) *Impact Investing*, 7) *Grants*, and 8) the *Blockchain*.

Initially, financial investments may come in the form of small-scale *Personal Financing* – direct investment from family, friends, and/or strong social contacts (results of *bonding* social capital). *Crowdfunding* (results of *bridging* social capital) – online platform(s) and "offline" traveler's-directed philanthropy – could extend the life of early stage enterprises, subsequently attracting *Microfinance* and possibly *Loans* from angel investors. Such investments would likely precede a fully-enabled Blended Finance Strategy; however, they may prove invaluable to the overall success of an economically and socially fragile, post-conflict environment.

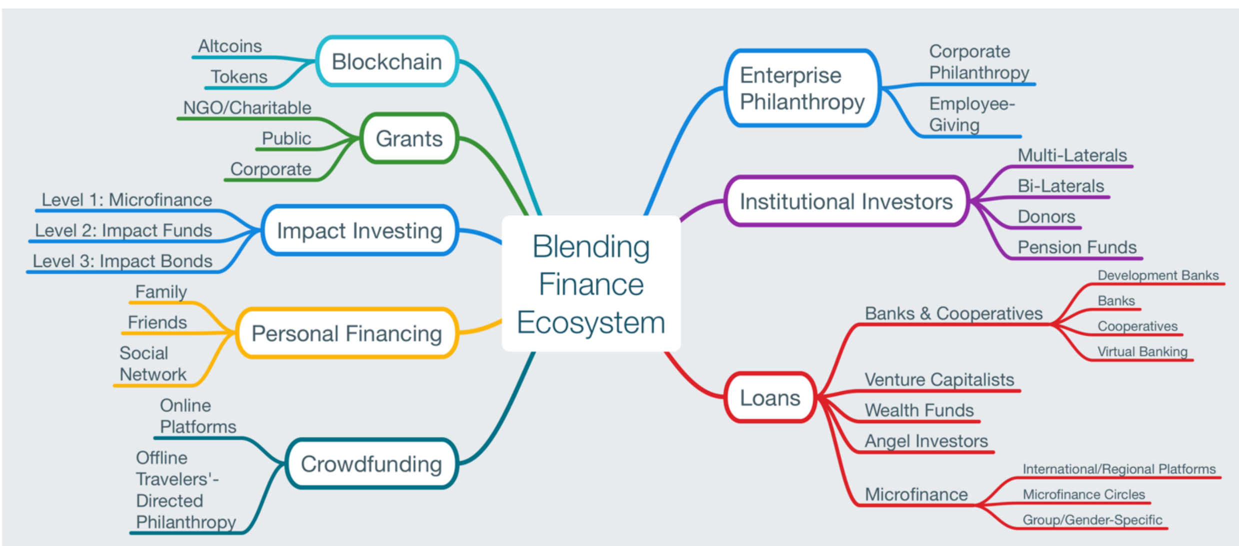


Figure 3: Blending Finance Ecosystem for Colombia

Peace, and the prospect of continuing peace, in a country that has been ravaged by civil war (and its direct & indirect impacts for a half-century), are compelling investment appeals to those who are "not in it for the money." Tapping resources that are not typically considered in the triune resource pool of development finance, philanthropic funds, and private investment may well result in substantively de-risking the MSME-enabling environment in Colombia. Further, it may open new, "traditional"

Blended Finance investment options for renewable energy and infrastructure projects, as examples, in communities that feature budding MSME collectives of investees.

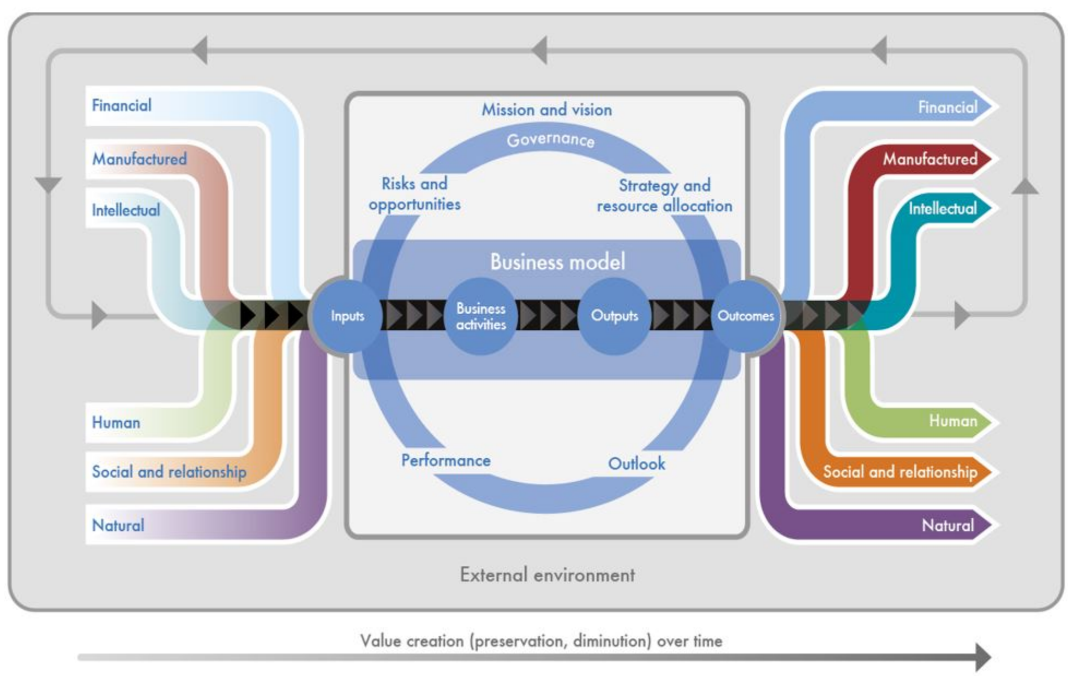


Figure 4: The Integrated <IR> Framework, *IIRC*

What is Blending Capitals?

In partnership with Impact2030, TheBC.lab in Colombia has recently coined the term "Blending Capitals" as a key strategy for financing the peace consolidation process in Colombia and **SDG #16**. ("Some estimates place the additional government spending needed to implement the accord as high as US$44bn over the next decade."[29]) Blending Capitals focuses on integrating non-financial capitals in support of attracting sustainable blended finance. Over the past three years, we have been investigating the social & human capital shortfalls, and other non-financial challenges in implementing a Blending Capitals strategy to help finance the peace consolidation process in Colombia. Based on current research and information available on the topic, as well as interviews with stakeholders and other interested parties, our work in Colombia strongly suggests that *Blending*

[29] "A path to peace through inclusion," *The Economist Intelligence Unit Limited*, commissioned by the *Ford Foundation*, May 2017, p. 2

Capitals in support of *Blended Finance* is a valid approach to supplementing both MSMEs and the peace process, simultaneously, in the country.

The emphasis on the inclusion of non-financial capitals speaks, in part, to the global effort of changing the nature of corporate reporting, markedly impacted in the aftermath of the 2008 Global Economic Meltdown. The *Global Reporting Initiative*, the *International Integrated Reporting Council (IIRC)* and *Reporting 3.0* have all played a role in raising our awareness of non-financial capitals and what they represent in terms of sustainability, regeneration, and human & ecosystem thriving across the planet.

In December 2013, the *IIRC* published the *Integrated Reporting <IR> Framework*, identifying five additional capitals to that of financial - 1) social & relationship, 2) natural, 3) human, 4) intellectual, and 5) manufactured – as integral to the value creation (preservation, *and/or diminution*) of companies (Figure 4). As of this writing, more than 1500 companies worldwide have adopted the *<IR> Framework.*

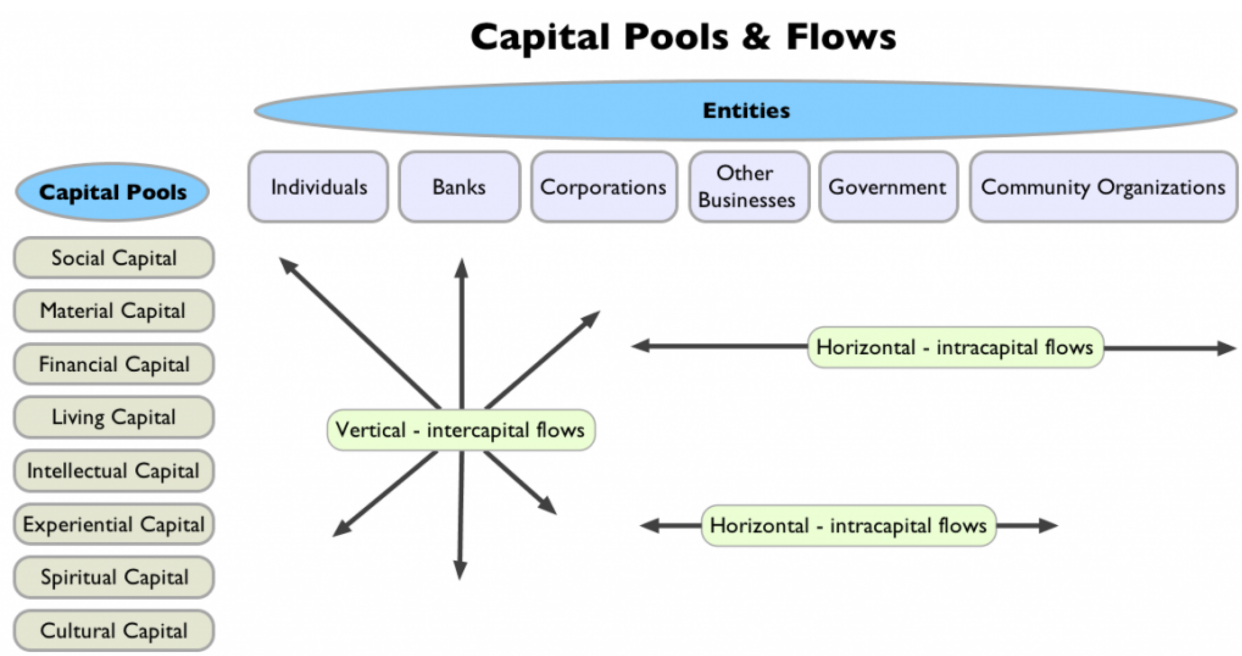


Figure 5: Eight Forms of Capital-Permaculture Finance, *Appleseed Permaculture*

When the *Reporting 3.0 Platform* was launched in 2012 by BSD Consulting (in 2016 it became a not-for-profit entity – *Reporting 3.0*) the focus was on creating a global approach to corporate reporting that would "spur a regenerative, green and inclusive global economy." In one of its most recent publications – "Blueprint 1: Reporting," lead author Ralph Thurm writes:

> "The existing economic system design has so far not enabled the emergence of true sustainability, but instead actively acts against a green, inclusive & open economy by neglecting the needs to a) serve the well-being of every global citizen; b) work within the cycles of nature; and c) align financial systems to serve the goals of a regenerative and distributive real economy… future value creation requires significant transformation at the individual business model (micro), industry (meso) and economic system (macro) levels."[30]

In broader terms, since entering Millennium 3.0AD, we have witnessed the emergence of multi-capital frameworks such as: the *Community Capitals Framework*, the Financial Permaculture's *Eight Forms of Capital* (Figure 5), the Thriveability *Multi-Capital Operating System*, and the *MetaCapital Framework* (Figure 6), each featuring a slightly-altered selection of capitals to that of the *<IR> Framework,* with corresponding definitions pertaining to the different capitals.

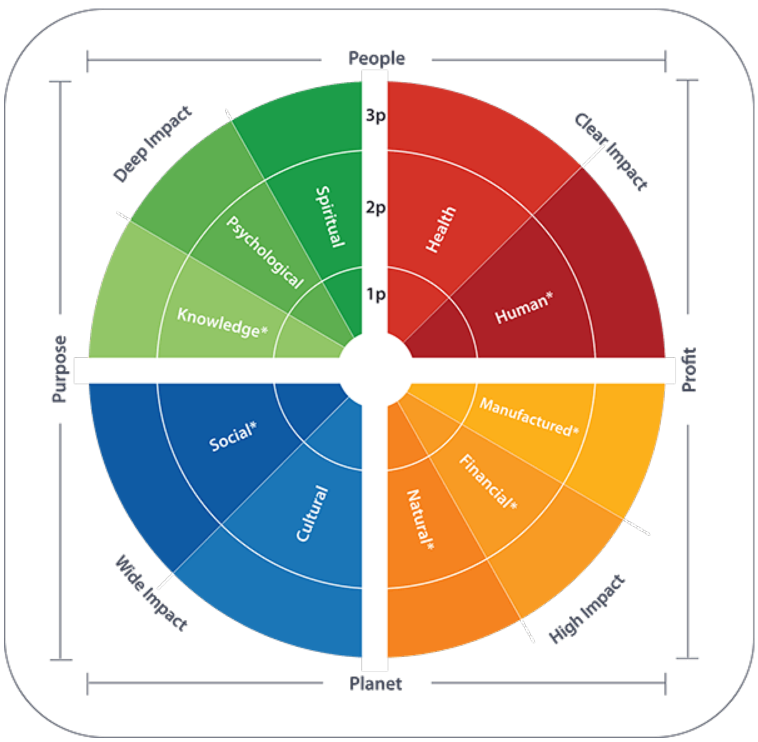


Figure 6: MetaCapitals Framework, *MetaIntegral® Associates*

The Thriveability framework, for example, mirrors precisely the *<IR> Framework*, yet it separates social capital from relationship capital – identifying the latter of these capitals as <u>the</u> most important capital of all. The *Community Capitals Framework* (CCF), on the other hand, recognizes the two forms of social capital – *bonding* and *bridging* – which parallel the *<IR> Framework's* social & relationship

[30] Thurm, R. (2017). Blueprint 1: Reporting – A principles-based approach to reporting serving a green, inclusive & open economy. *Reporting 3.0 Platform Blueprint Series 2016/2017*, p.10.

capital, while adding cultural and political capitals.[31] The *MetaCapitals Framework* (Figure 6) incorporates the *<IR> Framework* capitals, adding: 1) psychological, 2) health, 3) cultural, and 4) spiritual capitals.

Additional Frameworks to Consider

What other frameworks have influenced our thinking on how to approach blending capitals for peace in Colombia? Our proposed framework is based in part on Anthony Bebbington's framework[32] (Figure 7), which argues that our analyses of rural livelihoods need to understand them in terms of:

(a) People's access to, at minimum, five types of capital asset, in addition to financial capital;
(b) The ways in which they combine and transform those assets in the building of livelihoods that as far as possible meet their material and their experiential needs;
(c) The ways in which people are able to expand their asset bases through engaging with other actors through relationships governed by the logics of the state, market and civil society; and
(d) The ways in which they are able to deploy and enhance their capabilities both to make living more meaningful and to change the dominant rules and relationships governing the ways, in which resources are controlled, distributed and transformed in society. Particular attention is paid to the importance of social capital as an asset through which people are able to widen their access to resources and other actors.[33]

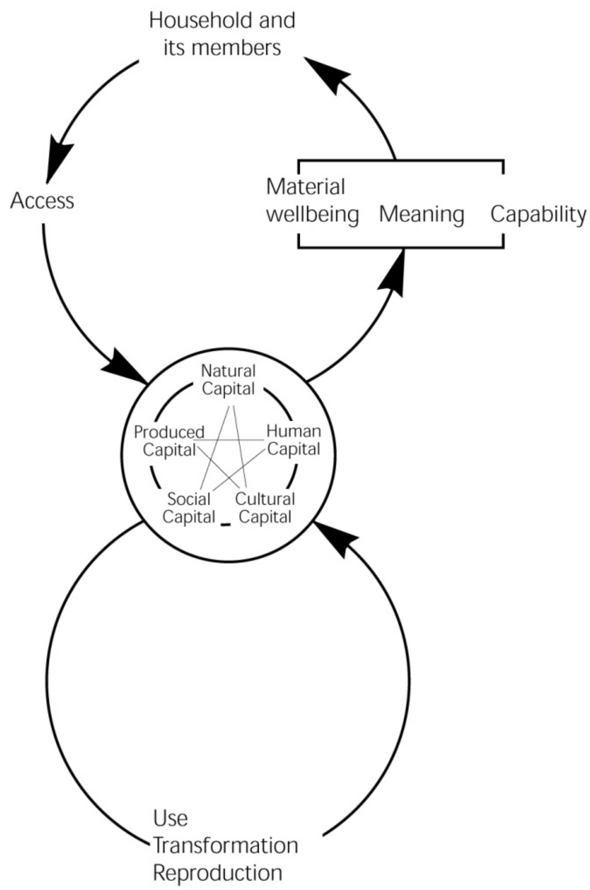


Figure 7: Bebbington's Multi-Capitals Framework

[31] Emery, M., Fey, S., and Flora, C. (2006). Using Community Capitals to Develop Assets for Positive Community Change. *CD Practice* (13), p. 1-19.
[32] Bebbington, A. (1999). Capitals and capabilities: A framework for analysing peasant viability, rural livelihoods and poverty in the Andes. *Publications, International Institute for Environment and Development,* (p. 1-54).
[33] Ibid. p.1

The work of the *Omidyar Network* has delivered an additional framework that has likewise shaped our thinking. Paralleling the Blended Finance framework, the *Omidyar Network* has identified three categories of impact investing – "Grant," "Subcommercial," and "Commercial" - to simulate philanthropic investment, ODA, and private investment respectively. In "Across the Returns Continuum,"[34] Bannick, et al., presented the *Omidyar Network's Returns Continuum* framework (Figure 8) that guides the organization's approach to impact investment returns. The authors ask a very simple question: "Under what conditions should an investor accept a risk-adjusted below-market return in exchange for an opportunity to achieve social impact?" The framework that guides their answer to this question is the result of a decade's worth of social impact investing experience.

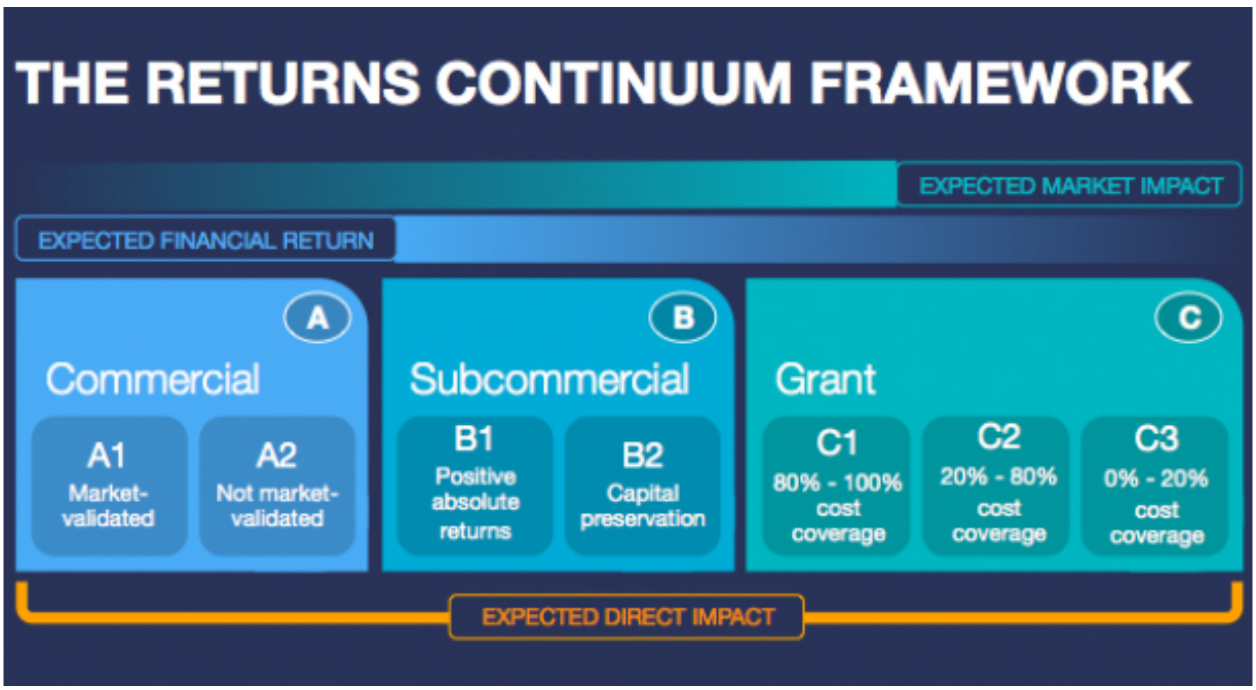


Figure 8: Omidyar Returns Continuum Framework

The Blending Capitals Continuum Framework

Integrating Bebbington's work, the *<IR> Framework* and the *Omidyar Returns Continuum Framework,* along with others, The BC.lab has crafted a *Blending Capitals Continuum Framework* (Figure 9). In addition to the approach of impact investment in classes A-C, as portrayed by the *Omidyar* framework, this new framework takes into consideration Class D and Class E level investments. Moving from the far right side of the continuum, Class E features two categories of capital investment: E1 & E2. Class D, likewise features two categories: D1 & D2. Let's review this framework more closely.

[34] Bannick, M., Goldman, P., Kubzansky, M. and Saltuk, Y. (2016). Across the Returns Continuum, *Stanford Social Innovation Review*, (https://ssir.org/articles/entry/across_the_returns_continuum), accessed 29 June 2017.

The three investment streams of Blended Finance – philanthropic, ODA, and private – are typically engaged in investing in Classes A-C. Classes D & E are usually untouched, as they fall outside of the parameters of large-scale investment, quite often deemed too risky. In identifying Class D & E offerings, we are recognizing that there is a need, especially in the rural communities of Colombia, to assist entrepreneurs in the earliest stages of venture incubation – we refer to this as the Blending Capitals [BC] *Pre-Pipeline* Incubator (see later section for a full description). The BC *Pre-Pipeline* Incubator is designed to integrate non-financial capitals in the development of a venture and its ideological framework, a multi-capital framework no less, moving forward. Fostering the growth & development of ventures with a multi-capital framework from inception strengthens the objectives of *Reporting 3.0*, as an example, and also aligns ventures with the SDGs. Additionally, the Incubator serves as a cooperative structure in which a collective of ventures can benefit from the *bonding & bridging* social capital that accrues from housing *Pre-Pipeline* projects within the same context.

The inclusion of additional actors and capitals may, in turn, support the development of a more robust Class C, and subsequent Class B and Class A investment opportunities. Although there is overlap of "financial capital" with the *Omidyar Framework*, our discussion on Classes A-C that follows will focus on the integration of the remaining capitals as complementary to financial investment. Readers, therefore, are encouraged to review "Across the Returns Continuum" to fully apprehend the financial and social returns implications of the *Omidyar Framework*.

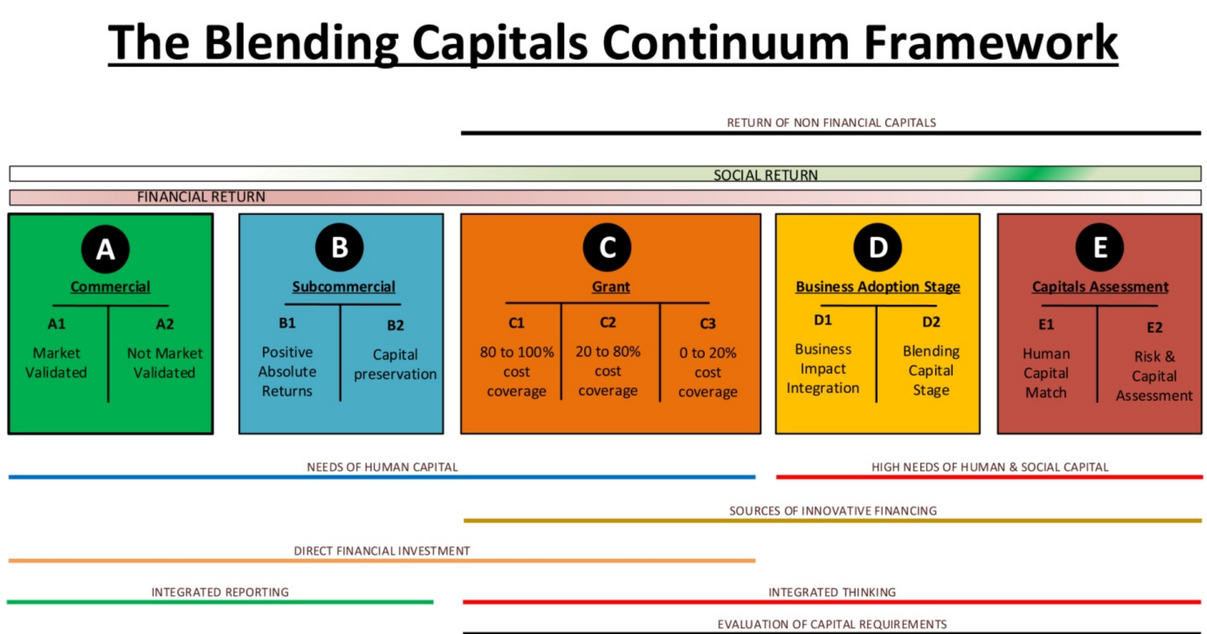


Figure 9: The Blending Capitals Continuum Framework

Beginning with Class E offerings, E2 – the "Risk & Capital Assessment" – represents a social, human, and knowledge capital investment; any direct financial infusion to the entrepreneur at this stage will come from *Personal Financing* (friends, family, and close social ties). E2 is designated as a phase to assess the multi-capital assets available to a select entrepreneur as well as the capital risks associated with a proposed venture. What natural, social & relationship, human, cultural, and manufactured capitals are available to the entrepreneur? Are these capital stocks sufficient to support the proposed business venture? If not, what additions to certain capitals could ease the capital deficiency? There are many questions to be answered as part of this assessment.

If the *Risk & Capital Assessment* proves to be at a satisfactory level of viability for the proposed venture, the entrepreneur will move to Class E1, the "Human Capital Match," at which time an addition of human & knowledge capital will be introduced to further assist the incubation process. This capital "investment" may flow from domestic and/or international sources. It may come in the form of assisting an entrepreneur in developing a business plan, marketing & communications plan, and/or a website, etc. Assistance may be remote, person-to-person, or a combination. Again, the emphasis is on *non-financial* capital investment.

Advancement to Class D2, "Blending Capital Stage," introduces a full-fledged blending of capitals to insure the continued success of the venture. The capital risks & deficiencies discovered during the Risk & Capital Assessment (E2) become the focal point of the project incubation. In this phase the entrepreneur and her/his team of multi-capital "investors" (these partners from E1 will remain critical relationships at this point) will begin to address these risks and develop clear strategies for advancing capital stocks, particularly among the human, social & relationship, natural, and manufactured capitals. Concurrently, this data will aggregate with corresponding data from engagements with other entrepreneurs to inform the overarching enabling environment – the Incubator, in essence, becomes a learning laboratory for the entire collective.

Class D1, "Business Impact Integration," speaks to the introduction of the *<IR> Framework* and the considerations of the impacts of a given enterprise on community capital stocks. Building value creation into the early stage "DNA" of the enterprise ensures that once the venture reaches Class C status (and possibly beyond) that a comprehensive and integrated approach to doing business has been assimilated throughout the entire enterprise. Sustainability, it is envisioned, will be seen across all capitals, with peace holding a prominent place in the business mandala.

Although financial capital will doubtless be increasingly emphasized for a venture as it continues coursing through its post-Incubator arc (as possible Class C, B, or, ultimately, A-level investments), the *Blending Capitals* approach will continue to assign equal consideration to the remaining capital stocks with no change in commitment level. As this has typically not been the case, additional effort will be focused on supporting entrepreneurs to integrate the capitals into their operations' models in a similar fashion to that suggested by *Reporting 3.0* and the *IIRC*. This is by no means meant to diminish the contribution of financial capital; it is, however, reaffirming the ongoing value of seeding ventures in post-conflict zones that are not only rooted in the mutli-capital framework, but are also operating with the goal of augmenting capital stocks for future generations of entrepreneurs.

Questions & Further Inquiry…

What are the potential drawbacks of blending non-financial capitals prior to engaging financial capital investment?

How well will the flow of non-financial capitals into rural communities be received? Are communities likely to "trust" this more than money?

How will the cultural capital of visitors intersect with the cultural capital of rural communities? Will "use-in-exchange" (likely more typical in the cultures of visitors) create friction with "use-in-value" (the more prevalent culture of rural residents)?

How will financial capital-oriented investors respond to the Blending Capitals Continuum? Will this prove to create "cultural" tension for traditional financiers?

How will blended finance investors respond to the investment of non-financial capitals? Will this prove contentious, amenable, a combination of both?

By blending capitals can we encourage a new paradigm in business-related behaviors at the earliest stages of ventures? Will entrepreneurs have the support to continue with a multi-capital approach, or will "competition" force them to abandon it? How might this be addressed? If we establish a cooperative "blending capitals" structure for all entrepreneurs in a given region will this assist in supporting entrepreneurs to continue observing a multi-capital approach?

The SDGs & Blending Capitals: A Beginning

The *Global Reporting Initiative* (GRI), the *Institute of Chartered Accountants of Scotland* (ICAS), and the *IIRC* are all in the process of integrating the SDGs into their corporate reporting guidelines. The GRI joined the *United Nations Global Compact* (UNGC) in 2017 to begin a multi-stakeholder engagement to formalize an SDG business reporting handbook. Running concurrently, *ICAS* announced a similar collaboration with the *IIRC* - both working to develop a hybrid *SDG/<IR> Framework* (an integrated reporting of the valuation creation process as it pertains to capitals and SDGs). These respective initiatives are designed to improve corporate understanding of the SDGs and, ultimately, the integration of the SDGs in corporate operations and strategic development.

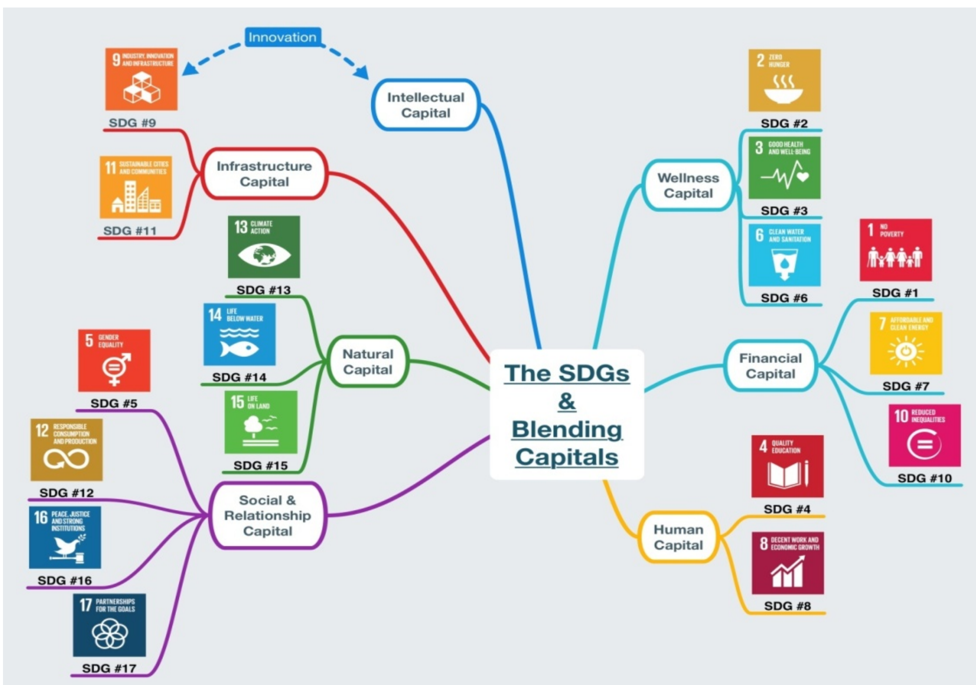


Figure 10: The SDGs & Blending Capitals

As early as 2018, corporations will [conceivably] be poised to begin reporting on their SDG impacts; within a couple of years, corporations may have the tools to assess their operations and that of their value chains in the context of the capitals *and* the SDGs. As this knowledge begins to filter into mainstream awareness, we will likely see the emergence of early adopters in the MSME domain, as well as the investor realm, and throughout the enabling environment. Through this process of greater and greater uptake, the SDGs and the capitals will eventually become completely integrated; of course, it will require global consensus and significant critical analysis prior to fruition.

Figure 10 illustrates a first visioning of how entrepreneurs and investors might look at the integration of capital stocks and the SDGs. Compared to the *<IR> Framework*, which features six capitals, the SDGs seem to break into a seven-capital model, with the addition of "Wellness Capital" representing the health and well-being of the human population. The purpose of this schematic is to encourage entrepreneurs and investors to craft a framework representative of the enabling environment and the initial flow of the SDGs into capital stocks.

It is proposed, then, that the SDGs (as *the* source of the capitals) are the foundational elements of the enabling environment at the local and regional level. Initiating a Blended Finance investment in SDG #1 (No Poverty), SDG #7 (Affordable & Clean Energy), and/or SDG #10 (Reduce Inequalities), for example, will essentially result in a net flow of financial capital, accruing to households and MSMEs possibly through social protection systems for new mothers, cheaper energy, and/or cheaper remittances, respectively. The "accountability of reciprocity" then falls on the MSMEs to generate financial capital through their respective operations, fulfilling the ROI for Blended Finance investors and creating a net gain in the SDGs that flow back into the collective Financial Capital stock for the entire body of MSMEs in a community or region (Figure 11).

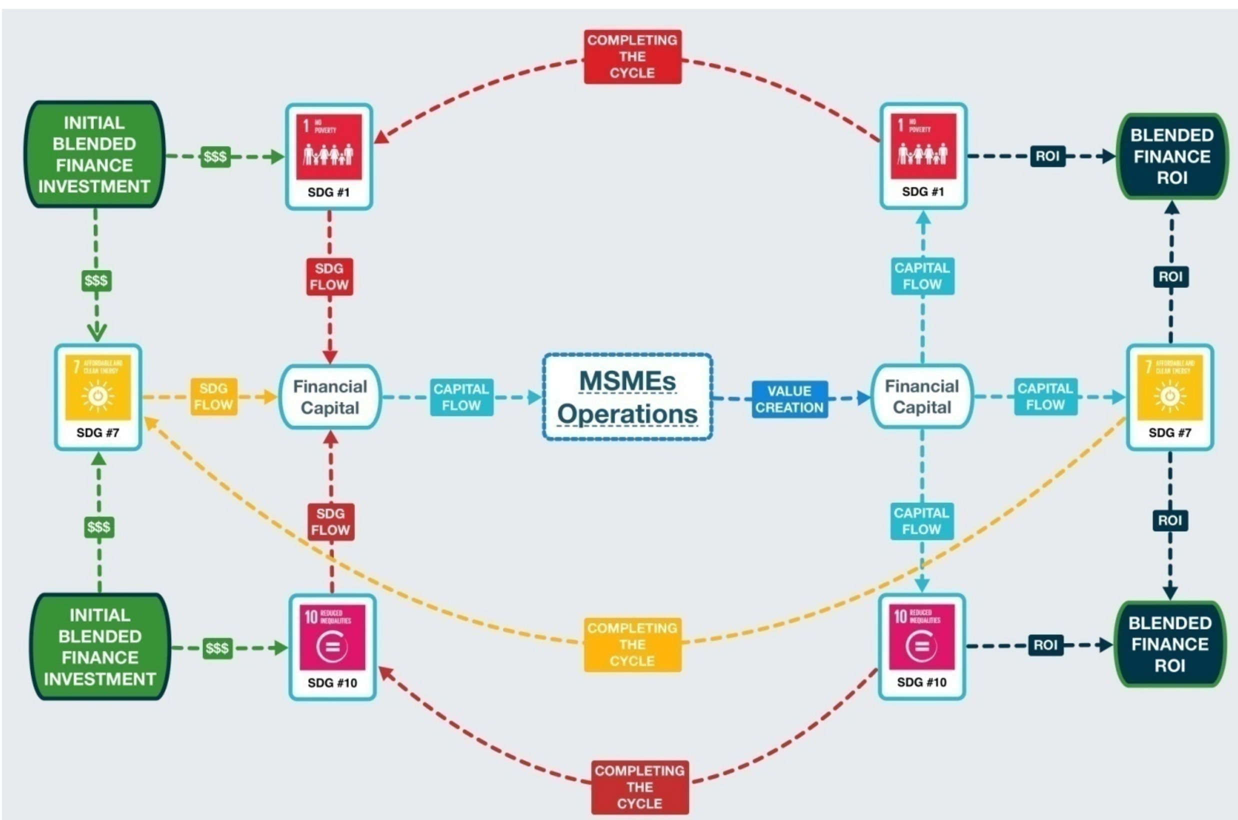


Figure 11: Blended Finance, SDGs, Capitals, and ROI

Technology: DLT, AI, and Authentication

On 27 June 2017, the *World Bank Group's* Information and Technology Solutions (ITS) division launched its "Blockchain Lab" to explore how Distributed Ledger Technology (DLT) may support the entity's development goals. As JP Buntinx points out[35], however, DLT and blockchain are, albeit synonymously presented, not equal. "On paper, the entire description of a distributed ledger sounds exactly like what most people think of when they envision a blockchain. However, the blockchain is just one particular type of distributed ledger."

Later that same day, Christopher Georgen released a whitepaper entitled "Topl, the Global Investment Protocol."[36] "Our goal," Georgen wrote, "is to build the financial infrastructure necessary to bring low-cost capital to developing countries." Georgen outlines the four major challenges, as he perceives them, in the "E&F" (Emerging & Frontier) markets – 1) ill-suited investment structures; 2) a lack of reliable information; 3) legal uncertainty and limitations regarding contract enforcement; 4) foreign currency exchange. The Topl Team proposes to address these challenges by utilizing: a blockchain network, smart contract templating, dynamic privacy controls, a risk assessment tool ("Divine"), and tokenized commodity assets.

We are in an age of exploration when it comes to DLT and blockchain. The "DLT-rush" has become the equivalent of numerous past iterations of the early adoption process, most recently seen in the *cloud computing* space. DLT, however, promises the potential to bring contracts and currencies to communities which have long suffered from the challenges of identity and authentication issues, changing the status of the "Un-banked" population, without the need for intermediaries and the resulting increased prices associated with the four-part, funds-only transfer process – submission, validation, conditionality, and settlement. For post-conflict communities in Colombia, DLT and the blockchain have the potential to dramatically change the landscape of the "trust gap," and to facilitate "bridges" for financial capital to flow into these communities and goods and services to flow out.

"As a technical innovation, it is a new version of database transaction technology especially for decentralized environments of limited or imperfect trust. As an economic innovation it offers novel tools to any problem domain where there exists a need for a reliable record of transactions – a ledger - in a decentralized environment where not all parties, whether humans or machines can be fully trusted."[37] When, through DLT, trust can be distributed across a broader base of individuals, when it can be personalized for the participants, and when it can be socialized across a broader base of participants, it generates *more* trust. When considering the movement of social and human capital,

[35] Buntinx, JP (2017). Distributed Ledger Technology Vs Blockchain Technology. *The Merkle* (https://themerkle.com/distributed-ledger-technology-vs-blockchain-technology/) accessed 4 July 2017.
[36] Georgen, C. (2017). Topl, the Global Investment Protocol. *TOPL.co*, White Paper, p. 1-11.
[37] Lindman, J., Rossi, M., and Tuunainen, V.K. (2017) Opportunities and risks of Blockchain Technologies in payments – a research agenda. *Proceedings of the 50th Hawaii International Conference on System Sciences*, p.1534.

as well as ODA, philanthropic, and private investment capital, into some of the most remote and socially isolated communities of Colombia, forging trust is essential.

Blockchain: Giving *Bridging* Social Capital Fintech Relevance

Our understanding of the blockchain and its usefulness in the context of the Peace Process in Colombia is still very much in its infancy. We have seen the upsides and the downsides of this emerging Fintech approach to decentralizing markets, money, and power. Market forces have tended to be speculative with cryptocurrencies – Bitcoin approaching the $5,000USD mark in late August 2017, plunging to $3,000USD two weeks later – as traders and speculators attempt to extract profits amidst the growth of cryptocurrency exchanges and initial coin offerings (ICOs).

One of the more provocative elements of the blockchain, however, is the presence of what we might describe as "social cryptopreneurs" entering the space. Having an evolutionary purpose associated with a cryptocurrency – financial access & financial literacy, as a use case with *Stellar Lumens* – is not a singular phenomenon. Some blockchain developers are bringing their social-conscientiousness, mindfulness and creativity into the world of tough problems, attempting to spread wealth and benefaction across broader and broader swaths of humanity, while addressing the unequal distribution of capital stocks, particularly financial capital.

What this appears to be doing (outside of the speculator-driven, wealth-accumulation aspect) is channeling significant intellectual, social, and financial capitals into entrepreneurial "solutions" to some of the world's most *wicked* problems. It is elongating the value chain, for example, through engagement of cryptocurrency holders in the support of source-verification and movement of goods & services from feeder markets to consumer doorsteps through "proof-of-provenance." When a coffee grower and a consumer are realizing not merely their connectivity as producer and purchaser, but also their shared value proposition as stakeholders in the same capital stocks across hundreds, if not thousands, of kilometers, this generates an increasing amount of *bridging* social capital. It opens vast vistas of potentiality, such as: 1) greater transparency & trust, 2) direct visitation & exchange, 3) deeper understanding & appreciation, and 4) stewardship of capital stocks.

Again, there is much to be learned from the current crypto-tokens on the market today. They appear to bring enormous financial capital stocks in short order upon their launch; yet, we do not know how successful they will be in fulfilling the socio-environmental, purpose-driven missions of some offerings. Time will bring richer insights. At present, there is much about which to be optimistic – a new class of "crypto-millionaires," a burgeoning group of "social cryptopreneurs," and a host of consumers with, in some cases, first-time access to capital stocks never-before-realized. Doubtless, a "Peace Crypto-coin" is on the horizon – a coin which will be embedded with *bonding* & *bridging* social capital implications. Colombia may be well-positioned to be, if not the initiator thereof, certainly a participant and beneficiary.

Artificial Intelligence and PeaceTech

On 6 April 2017, Professor Timo Honkela, Department of Modern Languages, University of Helsinki spoke at *The Third Conference on National Diaglogues* on the role of Artificial intelligence (AI) in Peace. Although suffering from a brain tumor, he is committed to interfacing AI and the peace process, part of what is being described as the new "PeaceTech" industry.

"Strictly or scientifically speaking, no two people understand any word in exactly the same way. So it's no surprise that we end up having communication problems, when we have no common words at all." Honkela added optimistically, later in his talk, "In the future, we can have a dialogue of a million people: technology can help us meet each other, collect our ideas and our meanings. So when we are talking about a particular topic, we can actually in essence meet all of the nation."

AI has been part of a collective global advancement over the past several decades. IBM's Watson, one of the more storied expressions of this unfolding narrative, is an iteration of a growing interface between human- & computer-generated intelligence. The voice-recognition capability of smart phones and virtual reality (VR) are other examples of AI. And, Honkela's notion of a "Peace Machine" adds yet another compelling chapter to this story. In his presentation, he outlined three main components of the concept: 1) Meanings – meaning translation and cultural interpretation, 2) Emotions – promoting peaceful and constructive emotional situations, and 3) Society – solutions to complex economical and societal questions.[38]

PeaceTech, according to the British Council, separates into three primary categories of implementation across the globe: 1) data (aggregation, gathering, analysis, visualization), 2) communication (more voices, alternative narratives, sharing information), and 3) networking and mobilisation (alternative spaces, engagement towards collective action).[39] PeaceTech is already playing a role in Colombia. *Build Up*, "a social enterprise that amplifies citizen participation in peace through technology, arts, and research," has been actively engaged in the Participatory Budgeting (PB) process in Medellín, through one of its "Build Peace Fellows," Diana Dajer, a PhD Candidate in Socio-Legal Studies at the University of Oxford. Reporting on the process, Dajer wrote:

> "Based on the workshops and interviews' results, and keeping in mind the challenges ahead, we have now identified two main initial objectives to support peace in Colombia through technology in a participatory budgeting process: (i) to foster planning and interaction through transparent, and collaborative means; and (ii) to

[38] Honkela, Timo (2017). Peace Machine. *The Third Conference on National Dialogues*, 5-6 April 2017, The House of the Estates, Helsinki, Finland. (https://www.slideshare.net/timohonkela/timo-honkela-peace-machine-peace-from-a-difference-perspective-dialogue-of-a-million-people-6-april-2017) Accessed 4 July 2017.
[39] British Council (2016). Innovative Peacebuilding In Syria: A Scoping Study of the Strategic Use of Technology to Build Peace in the Syrian Context. p. 2.

> create awareness and interest around participatory budgeting and participation in the process."[40]

In late November 2016, *Peace Hack Camp* held an event in Salento, Quindio [Colombia], in which attendees collaborated to "design and assemble a working Arduino-controlled 3-axis drawing machine and a prototype for an extruder, entirely out of e-waste."[41] Most recently, on the OpenIDEO website[42], the PeaceTech Lab has launched an effort to, "develop engineering solutions to help communities emerging from years of conflict by addressing their needs around access to power, sanitation, water, food, and safety and security issues" in Colombia.

The focus on utilizing technology to bridge trust gaps and introduce innovations to brokering peace amongst and between communities is occurring with ever-increasing zeal across the globe. Colombia is one of the most compelling locations for investment in PeaceTech prototypes and the corroborating investments that create an enabling environment for these initial innovative approaches. PeaceTech has a natural compatibility with *Blending Capitals for Peace* in Colombia, easily assisting in the earliest stages of incubation and throughout the *Blending Capitals Continuum*.

Authentication

Without authentication, substantive ODA, philanthropic, and private investment flows into Colombia will definitely be impeded. Combating illicit financial flows (IFFs) through anti-money laundering (AML), counter-terrorist financing (CTF), and anti-bribery efforts worldwide have increased dramatically in the aftermath of 9/11. Most recently, this has begun to measurably impact ODA and philanthropic flows, as governments crackdown on the movement of illicit funds, most especially funds earmarked to support terrorism. So intense is the effort that global NGOs have reported having difficulties in moving money. *Chatham House* described the disruption of NGO-funding in an April 2017 Report entitled, "Humanitarian Action and Non-state Armed Groups: The Impact of Banking Restrictions on UK NGOs." In the conclusion the authors wrote:

> "Over the past few years, NGOs have faced ever increasing restrictions on their financial activities, at best facing an increasing compliance burdern and transaction delays resulting in programme disruptions; at worst payment failures and bank account closures. The conflict between the regulatory and legislative pressures on banks as relates to financial crime compliance, particularly counterterrorism finance,

[40] Dajer, D. (2016). Peacetech from the ground up in Colombia: Charting uncharted waters. *Build Up,* (https://medium.com/@howtobuildup/peacetech-from-the-ground-up-in-colombia-charting-uncharted-waters-b85265114681) accessed 4 July 2017.
[41] http://makezine.com/2016/12/14/3d-printing-peace-aruba/
[42] https://challenges.openideo.com/challenge/bridgebuilder/ideas/engineering-peace-in-post-conflict-communities

> and the desire of donors and NGOs to deliver aid to people in areas where designated NSAGs [Non-state Armed Groups] are based or operate seems intractable."[43]

Although banks and other institutions may rely on suspicious activity reports (SARs), with a host of employees working to identify possible illicit transactions, such safeguards are not present in the context of rural communities. Biometric palm authentication, fingerprint sensors, and retinal eye scanning may prove useful in some contexts; however, in rural Colombia these technologies are, at least presently, nonexistent. AuthenticID is an example of a company that has attempted to address the issues associated with authentication of identification, but it has been relegated to mostly urban environments in "developed" societies. *Civic*, *Tezos*, *Bitquence*, and *Uport*, are four blockchain-based companies offering authentication services; however, no "road maps" for these ventures indicate movement into rural, "developing" communities.

Challenges abound in this space as many individuals, especially those living in rural communities, do not have paper-trails of identity [an estimated 1.1 billion people (roughly one-sixth of the world's population) do not have an officially-recognized identity]. Compounding the situation is the lack of transparency around identification of the greater network of individuals beyond their immediate families. Immediate families may have the potential for vouching for one another, creating a "trusted" family-centric network, but this is not necessarily transferrable across their entire social network, and certainly will not meet the rigorous demands of transparency required for financial investment.

One of the most promising blockchain technology advancements in the field of Authentication is the *ID2020 Alliance*. This initiative, funded by the Rockefeller Foundation and Accenture, has a well-conceived RoadMap, significant financial investment, and a substantive body of collaborators. Accenture, with hundreds of thousands of employees worldwide, stands to eliminate expensive background checks and other financial outlays associated with identity authentication, as do other companies and NGOs who move consultants and employees across the planet. What also makes this project so promising is its focus on SDG 16.9, with a target of global identity for 2030.

Questions & Further Inquiry…

Will authentication prove to be an insurmountable hurdle in rural communities? As all authentication approaches with the blockchain will require local verification, how will the initial "trust" be established with local actor(s)?

Will partnerships with other authentication and blockchain initiatives assist in developing the baseline of trust necessary to ease enabling environment concerns for financial investors?

[43] Keatinge, T. and Keen, F. (2017). Humanitarian Action and Non-state Armed Groups: The Impact of Banking Restrictions on UK NGOs. *Chatham House, the Royal Institute of International Affairs*, p. 1-22

Awareness Capital: The Rise of Mixologists

> "Forty years of strategic leadership, cognitive capacity, and crystallized intelligence research has identified that less than five percent of the world's adult population has the critical thinking capacity to perform complex work and investment decision making at the higher levels of innovation and systems thinking complexity. This higher level of systems thinking is what is required for conceptualizing and implementing new business and economic models."[44]

In order to address the blending capitals approach, it is important to recognize that the human capacity to even be able to begin to embrace the totality of this complexity is both a *collective* and *individual* work-in-the-making. In essence, the global collective advancement (*and diminution*, in some cases) of cultural, social & relationship, natural, human, financial, political, intellectual, and other capital stocks over the entire human-existence-continuum, particularly over the past 5,000 years, has made it possible for us to be in the current position of considering the prospect of "Blending Capitals for Peace" in Colombia. However obvious this may appear to us in the present moment, reaffirming this actuality serves to further contextualize the significance of the Blending Capitals approach: The capitals have been and continue to blend in communities across the planet; yet, now, we can be *consciously aware* of the process and engage in blending capitals with our expanding collective awareness.

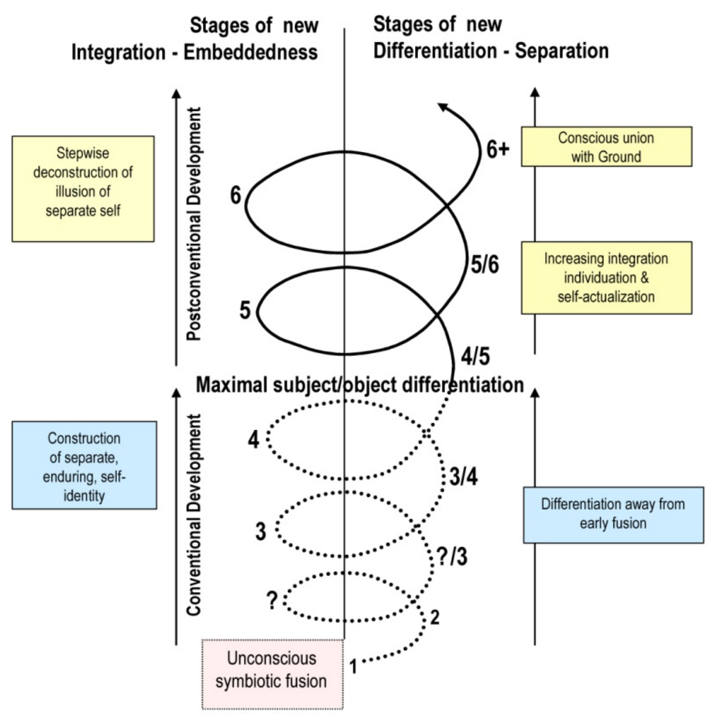


Figure 12: The Spiral Effect, Susanne Cook-Greuter

To speak to this "Rise of Awareness Capital" more specifically, a host of developmental psychologists and academics have spent more than a century observing, studying, and contemplating what appears

[44] Network for Sustainable Financial Markets (NSFM), Submission to Members of the Task Force on Climate-Related Financial Disclosures (TCFD) in response to Public Consultation on Task Force Recommendations, 12 February 2017. (http://4a5qvh23tbek30e0mg42uq87.wpengine.netdna-cdn.com/wp-content/uploads/2017/02/NSFM-SubmissionTCFD-Final-02082017-1.pdf)

to be an individual and collective trajectory toward greater spheres of awareness – a spiral-like expansion of human consciousness (Figure 12). Piaget, Maslow, Kohlberg, Loevinger, Gardner, Kegan, Wilber, and many others have shared insights on the subject. Susanne Cook-Greuter has been one of the more prominent voices in this field of study. Her work on Ego Development Theory (EDT) expressed in "A detailed description of the successive stages in ego development theory" appeared more than three decades ago. In a subsequent rewrite and broadening of the original paper[45], published in 2013, she wrote (p.3):

> "What makes EDT unique and different from other theories in the field of constructivist developmental approaches is its focus on *meaning making*. EDT addresses the whole person. It is best understood as a framework that portrays the growth of individuals as moving into ever greater awareness and integration about both the inner and the outer world. Although EDT focuses on the development of individual awareness, it fully recognizes that there is no individual interior development outside a cultural and linguistic surround, nor is individual growth possible without the external context (historical, geographic, infrastructure, etc.) as it supports and constrains what is possible in the interior."

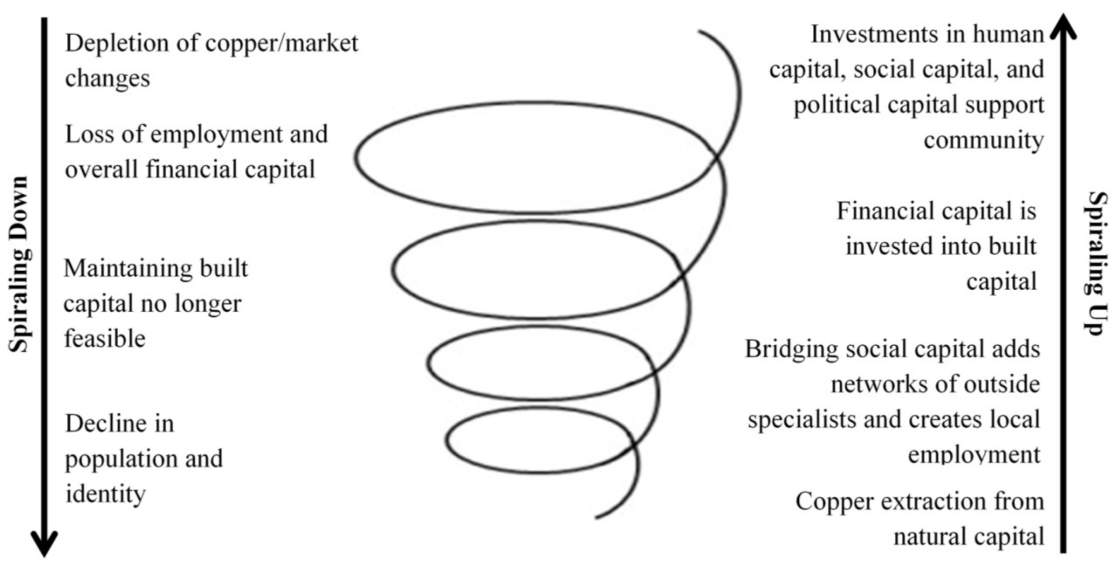


Figure 13: Spiraling Up & Spiraling Down: The Boom-Bust Cycles of Copper Mining

Notably, Cook-Greuter mentions several capitals – infrastructure, cultural, and, arguably, natural (replacing "geographic," above) – as integral to the development of Awareness Capital: This very capital, arguably, has become the primary vehicle by which humanity has been able to create multi-

[45] Cook-Greuter, S. (2013). Nine Levels Of Increasing Embrace In Ego Development: A Full-Spectrum Theory Of Vertical Growth And Meaning Making." *Susanne Cook Greuter*, p. 1-97.

capital frameworks through a broadening of collective vision and understanding. What's more, when considering the work of academics and practitioners engaged in community development, we are confronted with a similar "spiraling" and "trajectory," as Mary Emery and Cornelia Flora pointed out in 2006[46], and as has been more recently portrayed by Winkler, et al.[47] in relation to the boom-bust cycles of mining communities (Figure 13) – quite relevant in the context of Colombia.

Mixologists: The Blending Capitals Specialists

The "Mixologist" is often depicted as a rarefied genius residing behind an oak bar, handling some of the world's most highly coveted strains of bourbon, vodka, and gin. In the case of *Blending Capitals*, however, the *Mixologist* is seen as an individual, residing in a cohort of fellow *Mixologists*, who will be integrating social, human, financial, and other capitals to craft an enabling environment that supports entrepreneurs throughout the earliest stages of the entrepreneurial journey and beyond.

Presently, there are a number of mixologists serving the blended finance space. These individuals are generating large-scale ODA/philanthropic/private investment deals in emerging markets. (Convergence[48], out of Toronto, houses the first generation of "mixologists.") These multi-multi-million dollar investments are mitigating the risk for private investors through loan guarantees, supporting private money to wend its way into infrastructure projects, for example. But, the *Mixologists* who will be blending capitals will be called upon to do far more than de-risk financing.

Fully vested with their respective *awareness capital* stocks, these *Mixologists* will be working with numerous actors across a vast array of "silos" to craft blending capitals ecosystems that will serve as the enabling environments for possibly thousands of entrepreneurs, early stage ventures, and MSMEs in a given setting. They will be blending *bonding* & *bridging* social capital, human capital, intellectual capital, and cultural capital, working with a host of corporations, NGOs, professional associations, chambers of commerce, and other actors to increase multi-capital stocks for entrepreneurs. And, yes, they will be blending finance to meet infrastructure capital needs, to conserve natural capital stocks, to strengthen community wellness capital, and to further enhance the blending capitals ecosystem through such projects as the creation of DLT/Blockchain structures to mitigate IFFs. Additionally, they will be using the power of artificial intelligence to share this information on a planetary scale with other mixologists.

If we collectively come to a consensus regarding the seamless integration of the SDGs and a multi-capital framework, something that is currently in the capable hands of the *GRI, UNGC, ICAS,* the *IIRC,* and *Reporting 3.0,* then *Mixologists* may be poised to be some of the first glocal liaisons initiating this vision in post-conflict zones in Colombia. Expanding on the work of the *International Finance*

[46] Emery, M. and Flora, C. (2006). Spiraling-Up: Mapping Community Transformation with Community Capitals Framework. *Journal of the Community Development Society,* 37(1), p. 19-35.
[47] Winkler, R., Oikarinen, L., Simpson, H., Michaelson, M., and Gonzalez, M.S. (2016). Boom, Bust and Beyond: Arts and Sustainability in Calumet, Michigan. *Sustainability*, 8(3) p. 284-308.
[48] https://convergence.finance

Corporation's (IFC) fragile & conflict-affected situations (FCS) in Africa and elsewhere, Colombian *Mixologists* will have a robust Blending Capitals ecosystem that also integrates the SDGs, building into the very business-fabric of MSMEs that which is intended to support their long-term sustainability and that of their surrounding communities.

Figure 14 provides an overview of the roles & responsibilities of a cohort of *Mixologists*. The cohort model is meant to support *Mixologists* – creating a context for the blending of capitals to support the *Mixologists* themselves. Thus, *bridging & bonding* social capital will be integrated with intellectual, human, cultural, and awareness capitals to enhance and sustain the power of the mixologist collective. This will, in turn, facilitate the connections between visitors and residents as they collaborate to generate sustainable, fundable ventures.

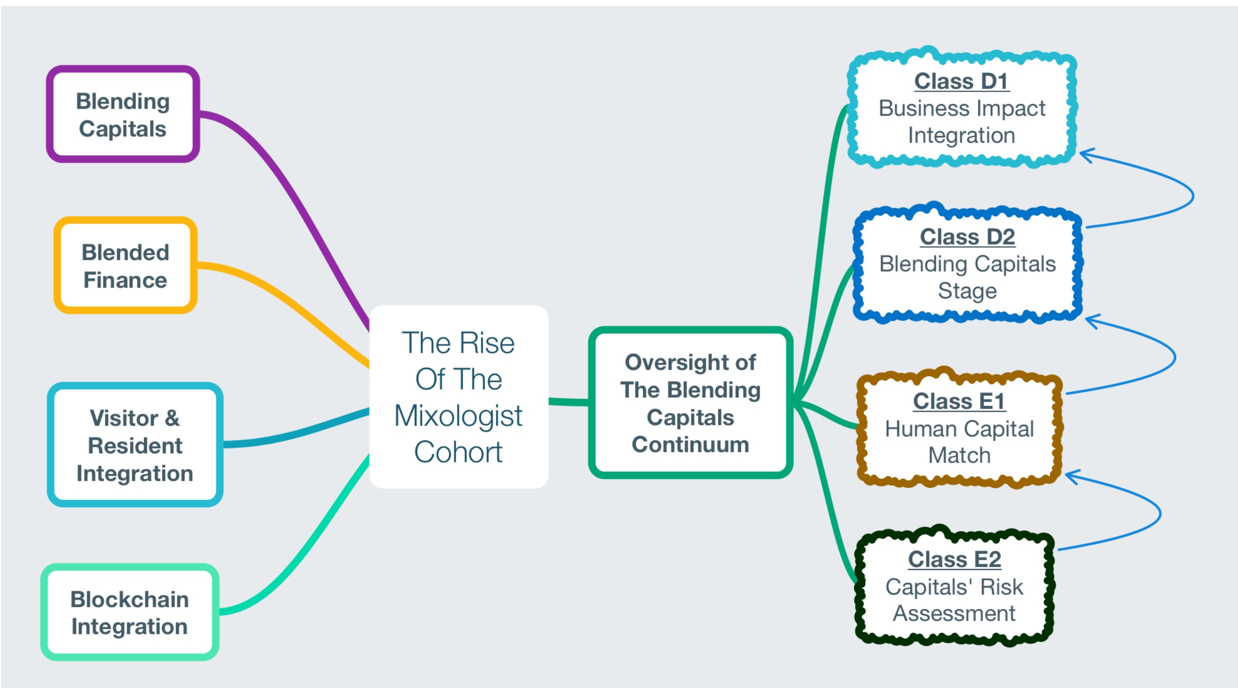


Figure 14: The Multiple Roles of Mixologists

Questions & Further Inquiry…

How will the selection of Mixologists unfold? What criteria may be used in this process?

Awareness Capital is a relatively new field of understanding. What challenges does it pose in extending its reach into the realm of MSME development?

Mixologist cohorts offer the foundation for MSME movement through the Pipeline. Will these collectives be able to self-monitor? Or will an advisory group of Mixologists be necessary?

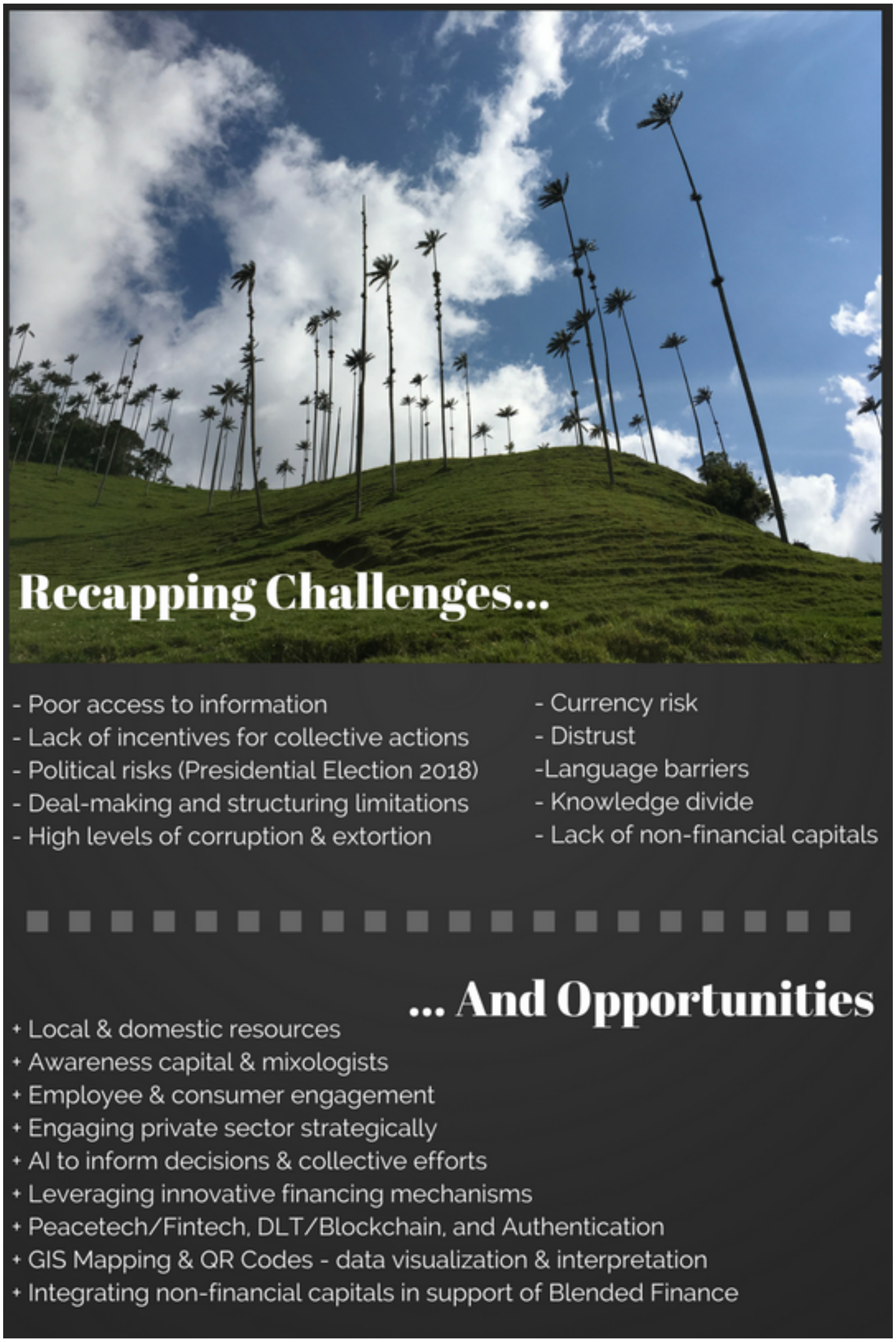


Figure 15: Challenges & Opportunities: A Recap

The Blending Capitals Architecture

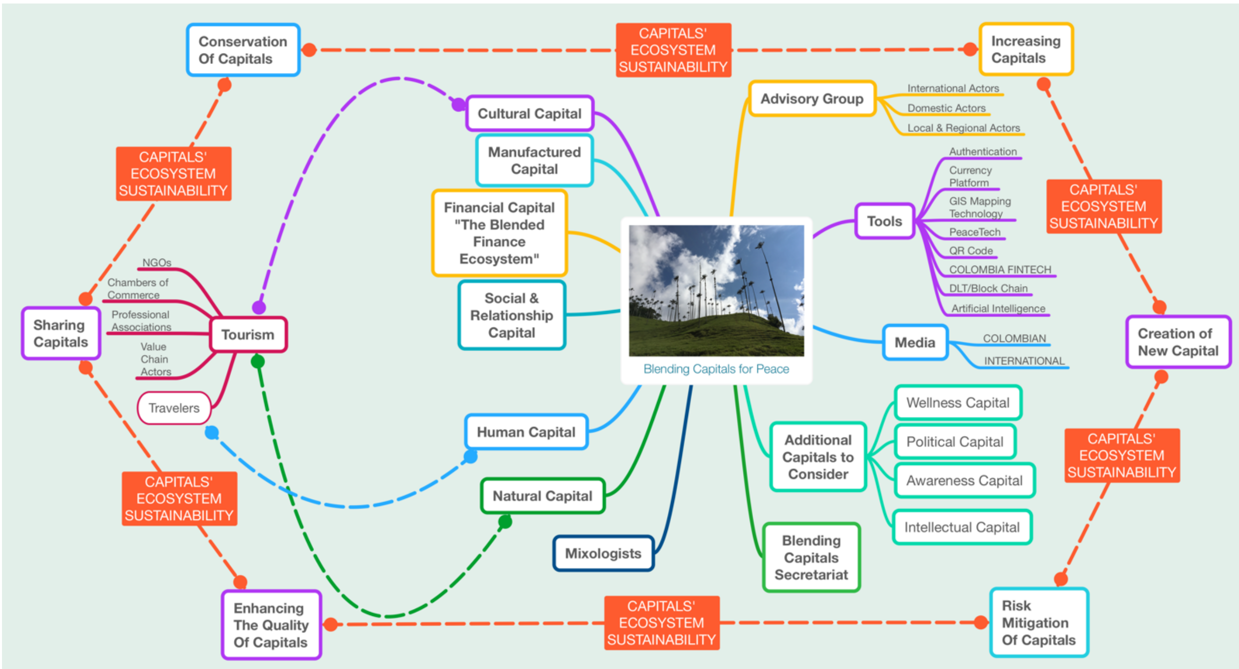


Figure 16: The Blending Capitals Ecosystem

In this section, we will discuss the Architecture of the *Blending Capitals Ecosystem* (Figure 15). Let us begin with the outside frame where we find six elements:

1) Increasing capitals – efforts within the context of the ecosystem to augment the capital stocks of any/all of the capitals
2) Creation of new capital - includes the development of new capital stocks and/or the replenishment of a decline in a select capital stock -- e.g., a decrease in natural capital due to clear-cutting for agriculture and a subsequent replanting of trees
3) Risk mitigation of capitals – includes practices to minimize the risks of capital depletion
4) Enhancing the quality of capitals – each entrepreneur will have access to some capitals, the ecosystem will work to enhance the quality of those existing capitals
5) Sharing capitals – ideally the ecosystem will interface with other entrepreneurs in nearby locations as well as throughout the value chain, and sharing capitals along these networks will contribute to sustainability
6) Conservation of capitals – natural and cultural capital will first come to mind regarding conservation, but this also applies to all capitals

Collectively, these practices support the ongoing sustainability of the entire ecosystem. The various practices will be administered across each capital through entrepreneur-partner collaborations.

Capital-Specific & Multi-Capital Partnerships

One of the more difficult aspects of multi-captial frameworks to assimilate is that a "single" capital is, in fact, *not* single. The *Community Capitals Framework* (Figure 16) attempts to bring this to our attention by visually depicting the layers and overlapping of the capitals in the framework schematic. No capital is singularly sufficient and autonomous; interdependence is the underlying principle. Thus, it is important to continually remind ourselves that although we may identify an entity as delivering a "specific" capital, e.g., human capital, what is more in alignment with the reality of the transfer of capital is to recognize that multiple capitals will accompany a specific capital as it moves from one source to another. Further to this point, the delivery of human capital will be directly influenced by, at the very least, the cultural and social capitals of the individual(s) passing that human capital to a Colombian entrepreneur. (This knowledge can prove invaluable, for example, when a Mixologist considers whether an entrepreneurial venture will require the expansion of a local versus an international value chain.)

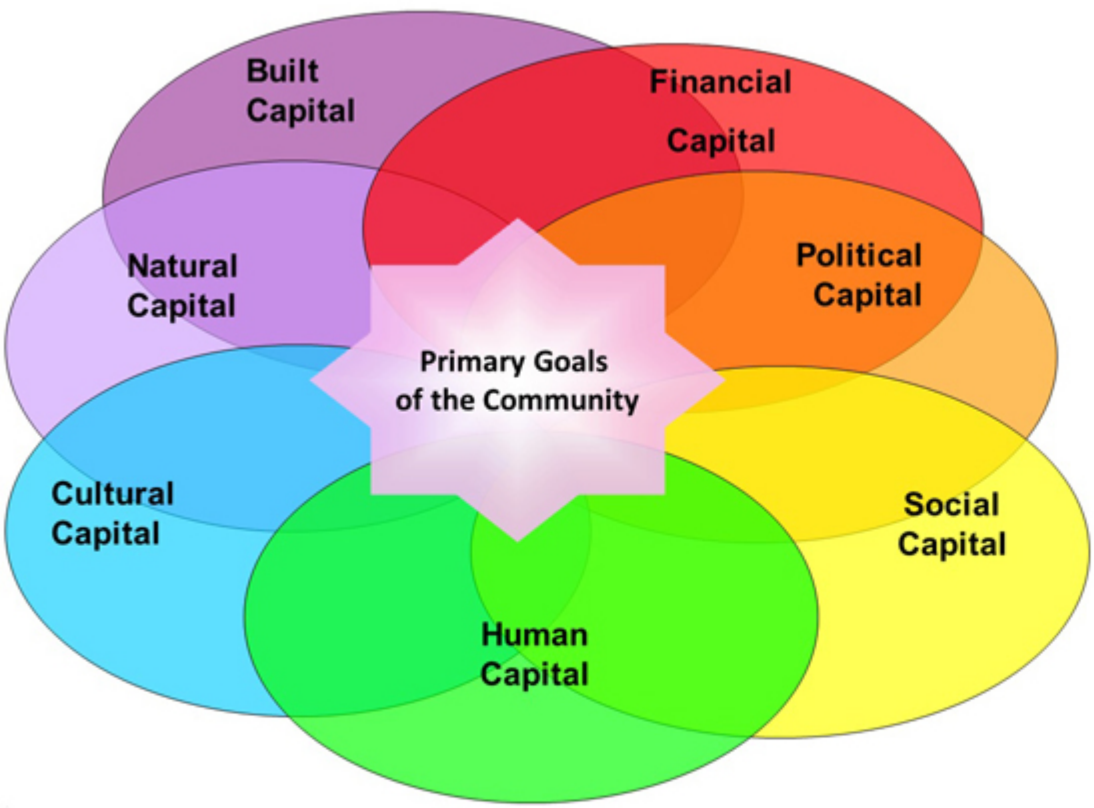


Figure 17: Floras' *Community Capitals Framework*

The capitals portrayed in the Blending Capitals Ecosystem were selected, in part, to represent the Colombian context, with "cultural capital" and the "additional capitals to consider" – awareness, political, wellness, and intellectual - representing elements that are integral to both MSME development and the peace process. However, the main capital stocks to be highlighted initially will be social & relationship, human, and financial capitals, as the primary capital stocks for development and augmentation.

On the latter, financial capital, we have previously highlighted the features of Blended Finance and will not repeat those thoughts in this section. Instead, we will take a moment to recognize the various financial actors who will play a role after a venture moves through the "MSME Pre-Pipeline" and into the "Pipeline."

Countries like Colombia already count on a well-developed financial system that is currently not engaged in discussions to mobilize local private and domestic resources for Blended Finance. TheBC.lab has met and held discussions with leaders representing the financial sector in order to explore the need for a collaborative approach, including:

- State-owned Development Banks
- Private Banks
- Associations of Private Investment Funds
- Associations of Microfinance Organizations
- Impact Investment Funds
- Innovative Financing Mechanisms
- Associations of Corporate Foundations
- Cajas de Compensacion / Compensation Funds

What these interactions have demonstrated, ironically, is that a significant investment of non-financial capitals will be necessary in order to engage Colombia-centric financial capital. Investments of knowledge, social & relationship, cultural, and human capitals, thus far, all appear to be pre-requisites for releasing financial capital stocks in the country.

Our work over the past few years has focused specifically on these non-financial capital investments in Colombia within and beyond the conflict zones. This has resulted in the development of effective partnerships with local & national organizations and leaders, with some of those relationships expanding into a network of international strategic partners. This growing collective of organizations and leaders have expressed interest in supporting a Blending Capitals Initiative in Colombia. Most notably, these actors will play a major role in the development of the "MSME Pre-Pipeline."

When considering the non-financial capitals, each capital has a set of potential partners that will either concentrate specifically on a single capital stock, or will contribute to a number of these stocks. (Keep in mind, of course, our previous commentary on the overlap of capitals – the *CCF* model). In Colombia, we have indentified broad categories of potential partners to cooperatively engage in the advance of social & relationship capital: 1) NGOs, 2) Compensation Funds, 3) Chambers of Commerce, 4) Foundations, 5) Community-Based Organizations (CBOs), 6) Local Governments, 7) Universities, and 8) Corporations. These domestic actors will serve, primarily, through their abilities to support the development of vertical networks (*bridging* social capital) along the value chain. These same actors, particularly NGOs, may also offer contributions in developing horizontal networks (*bonding* social capital) within communities. Especially where conflict has had a direct impact on *bonding* social capital, NGOs may offer mediation services and amelioration activities to strengthen community bonds, thus mitigating risk in the enabling environment.

Similarly, human capital is seen to benefit from partnerships with some of these same Colombian sources. However, international actors may assume a more significant role in the expansion of human capital stocks, particularly if there is a specialist from a rare technology field. For example, we envision that Tourism, especially travelers themselves, will play a major role in the increase of human and unique cultural capital stocks, as well as social & relationship capital.

Special Note on Tourism

In the Blending Capitals Ecosystem we set Tourism apart from other elements. Arguably, we could say that tourism contributes to each of the capitals; paradoxically, it is also known for its capacity to detrimentally impact all of them. Rather than rehash the arguments for and against tourism, we would rather consider the actors who are part of the tourism value chain as well as: NGOs, Chambers of Commerce, Professional Associations, and, of course, Travelers.

Travelers, we think, are the most flexible partners across the spectrum of capitals. Although we only connect them to human & cultural capital in the schematic, we recognize that they may also have an influence on the other capitals – positively and/or negatively. We think of travelers as “entrepreneurs” in their own right. Travelers utilize the multiple capitals available to them to create a product/service, i.e., their trip to Colombia, which is meant to serve themselves as the primary consumers, and basically assuming all risks associated with the development, implementation, and consumption of that product.

It is only over the last decade or so that academics have begun to explore the role of tourism and travelers in the context of community capitals. While most of the discussions have focused on tourism development and community capitals, there are a few examples of travelers’ contributions to community capitals. As an illustration, Zahra and McGehee (2013) discovered that volunteer tourists hosted in communities in the Philippines made contributions to all of the community capitals in the community capitals framework (the aforementioned *CCF*), with *bridging* social capital proving to be the conduit through which that occurred.[49]

We do not imagine that tourism development will occur quickly in post-conflict communities. What is apparent in the academic literature, however, is that tourism development has positive impacts on social capital, particularly *bonding* social capital for local communities. The reparations of the social

[49] Zahra, A. and McGehee, N.G. (2013). Volunteer Tourism: A Host Community Capital Perspective. *Annals of Tourism Research*, 42(July), p. 22-45.

fabrics of communities impacted by conflict over the past five decades in Colombia will be essential in creating a foundation upon which enterprise can thrive. Tourism will play a role in this process; however, speaking candidly, we do not know the extent, nor the timeframe associated therewith, of that contribution at this juncture.

Advisory Group, Tools, and Media

Establishing an Advisory Group to assist in the formation of the *Blending Capitals for Peace* approach in Colombia is of utmost priority. Other advisory groups will follow; however, this initial group will oversee the development of the **Blending Capitals Continuum** and the **Blended Finance** component, as well as other elements of the overall architecture. The advisory group will feature local & regional actors and national & international actors. The very development of the advisory group is part of the initial infusion of *bridging* social capital to support the entire ecosystem. This vertical networking group will oversee four important initiatives:

1) Formalizing the architecture of the **Blending Capitals Ecosystem** and the **Blending Capitals Continuum Framework** for Colombia, including the Blending Capitals [BC] Lab,

2) Formalizing the architecture of the Blockchain-enabled Platform (with GIS Mapping & Currency Exchange) which will feature the portfolio of entrepreneurial projects to allow local, regional, national, and global access to these projects as they move along the continuum, as well as the possibility for direct feedback to both *Mixologists* and entrepreneurs (added human, intellectual, cultural, and *bridging* social capital),

3) Formalizing the partnership architecture of the Authentication mechanism to mitigate IFFs (possibly with ID2020 or other blockchain projects), and

4) Identifying the lead actors from the various sectors who will implement the directives of the advisory group

The Tools are numerous and technology is a major component of the Blending Capitals Ecosystem. The online Platform will feature: 1) GIS mapping integration, 2) currency exchange risk mitigation through DLT/blockchain technology, 3) a global MSME, Peace through Enterprise, and PeaceTech networking and data exchange, 4) a series of multi-capital investment options, e.g., volunteer opportunities in support of human capital development, and 5) a Blockchain-enabled QR Code/mobile tagging access to stories about each enterprise project and the products associated with it. [Additional components of the Platform will be laid out in future iterations of this White Paper.]

Additional Tools include an Authentication tool for addressing IFFs, which will integrate DLT/blockchain technology – Colombia's Fintech community will likely be involved in this process as they have deep knowledge regarding challenges with money laundering and fraud. AI will be called upon to support translation services between residents and visitors, as well as residents and those interested in investing in the Peace process in Colombia.

The Media, both national and international, will be instrumental in delivering the unfolding efforts of the **Blending Capitals for Peace** approach. Journalists will provide a voice for communities which have been limited by their circumstances. The different perspectives which can be taken regarding this project – technology, finance, peace – are diverse and represent inroads to broader audiences. The discussions on Blended Finance and the development of platforms normally focus on "developed" countries such as Canada, the USA, and European countries where most of the private funds and large foundations have offices and access to financial support from individuals and/or as part of wealth management strategy. With the BC Lab, Colombia will be a new feature in this expanding body of prototypes.

Simultaneous & Parallel Integration

There are many components in this architecture, each equally compelling and integral to Blending Capitals. A "Road Map," presented in a later section, outlines some of the process we envision in establishing each of these elements. The creation of the Advisory Group and the *Blending Capitals (BC) Secretariat* may chronologically precede, for example, the identification of the *Mixologists*; nonetheless, while we are holding meetings with potential members of both bodies, concurrent discussions will be held with potential candidates to fill the *Mixologist* Cohorts. Likewise, we will be interfacing with potential domestic and international partners simultaneously to support the accrual of non-financial capital investors, while keeping in mind that these discussions may reveal parties which are more suited to building out the contingent of financial capital investors.

Additionally, we are aware that the Advisory Group and *BC Secretariat* may also begin a search for partners and/or identify individuals and entities which may fit well within the Blending Capitals Ecosystem. This may extend to conferences, workshops, seminars, or other venues and we are prepared to flexibly move with these recommendations as they are put forth.

In conjunction with these efforts, we will also be working to establish the MSME *Pre-Pipeline* Ecosystem (next section) and the integration of the *Topl Protocol* (as the initial blockchain integration). This is one of the most intriguing elements of the Blending Capitals Ecosystem and promises to bring a host of timely inquiries as we attempt to deliver the blockchain to some of the remotest regions of Colombia.

Questions & Further Inquiry…

To what degree is the vision for the *Blending Capitals Ecosystem* incomplete? What elements would strengthen this approach?

Will potential stakeholders be drawn to "invest" in this approach to peace in Colombia? What will hinder their participation?

The MSME Pre-Pipeline Ecosystem: Blending Capitals & the *Topl Protocol*

Colombia is in a unique position on the global stage: It has made a commitment to financing peace within its own borders – **SDG #16**. Additionally, as it does not have the resource capacity to meet this multi-capital outlay, it will rely heavily on Global Partnerships – **SDG #17** – in order to fulfill its commitment to peace in the post-conflict zones over the next ten years. As of this writing, direct payments to *campesinos* and residents in these zones as one million pesos (per person/per month) over a three-year period, or $36 million pesos total (approximately $12,000 USD) are slated. This is a significant aggregate of financial resources when multiplied by the number of residents in a given community. Presently, however, there is little indication as to the ultimate direction of these funds (what amounts to a three-year universal basic income (UBI) experiment). Will they incentivize entrepreneurial initiative? Will they foment socio-environmental challenges? Is there a mechanism that can be introduced to support the former, rather than the latter of these options?

The aforementioned partners will be instrumental in answering these questions and developing the Blending Capitals Ecosystem in Colombia in order to move entrepreneurs in the post-conflict zones along the Blending Capitals Continuum. A steady stream of "Pre-Pipeline" investments of *bonding & bridging* social capital, human capital, and knowledge capital will pave the way to investment opportunities moving into the "Pipeline." Once there, entering into the regions of Classes C, B, and A, these MSMEs will eventually reach levels of potential that will attract traditional Blended Finance. In the meantime, the initial "Pipeline" of investments may be allocated to projects that support the creation of a robust enabling environment, some of the Tools which were spoken of previously. In this section, we will discuss, specifically, the Blockchain.

The Blockchain-Enabled MSME *Pre-Pipeline* in Colombia

Undoubtedly, public and private investment and financing will be required to meet MSME investment needs; however, different sources are not always fungible — each has its own incentive structures, goals and mandates. Impediments to private investment can be addressed by developing plans that can be translated into concrete project pipelines, and by promoting long-term investments by aligning incentives with sustainable development for all actors in the investment chain. Even with such additional steps, however, the risk/return profile of many investments that generate beneficial returns to entrepreneurs and society alike will not be sufficient to attract large allocations of private investment. Granted, one long-standing approach to mitigating risk for private investment has been assigned to public investment -- including direct investment, co-investments and risk and reward sharing with private investors, through guarantees, first loss tranches and other mechanisms. But, we already know that the financial outlay for peace (estimated $44 billion USD over ten years) required by the Colombian government is more than it can adequately meet. Setting blended finance and social impact investing aside, for the moment, are there other innovative approaches to financing that we can introduce in Colombia?

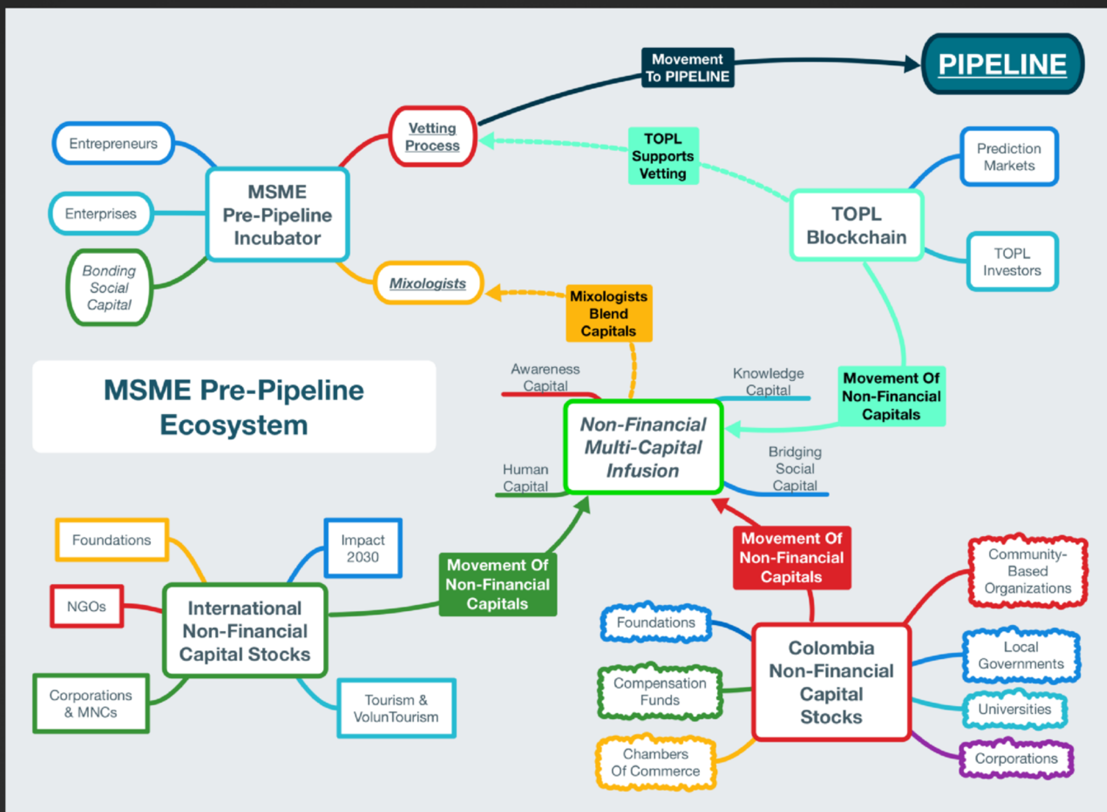
As a first step, we recommend attracting new sources of private investment via the creation of an MSME *Pre-Pipeline.* The MSME *Pre-Pipeline* Ecosystem (see next page) engages multiple actors in moving non-financial capitals to the MSME *Pre-Pipeline* Incubator. Mixologists, in turn, distribute these capitals among the members - Entrepreneurs and Enterprises – who constitute the collective. The entire ecosystem is augmented further by the dual-role of the fintech innovation known as the *Topl Protocol*. In addition to providing a reliable currency exchange and cross-border fund transfer, the *Topl Protocol* contributes vetting support for *Pre-Pipeline* projects through its risk analysis framework, known as Divine, and provides clear incentives for the contribution of non-financial capitals.

In essence, international and domestic actors will utilize the *Topl Protocol* to either earn and/or purchase tokens that incentivize them to invest (initially non-financial capitals) in *Pre-Pipeline* projects. Travelers, for example, can earn *Topl* tokens (called "arbits") by visiting a project and committing personal time and effort to providing human, social & relationship, and knowledge capital to a given venture. The non-financial capital stocks invested in a given venture are recorded on the *Topl Protocol* by those who contributed such capitals, "staking" these arbits to reflect their view of the project. As these non-financial capital investments accrue, we are provided with a clearer picture of when a venture may be ready to be presented to investors across the blended finance ecosystem, effectively allowing for the conversion of non-financial capital to financial investment. The *Topl Protocol* brings a verifiable record of the capital infusions that a venture receives throughout its time in the MSME *Pre-Pipeline* Incubator. A natural "ranking" of projects begins to materialize as *arbits* are acquired by each venture.

Although prediction markets are often associated with sports-betting, futures-prediction, stock-trading, and election outcomes, they have also been used internally by companies such as *Siemens* and *Hewlett-Packard* to better understand the likelihood of the timely delivery of a software project and to forecast printer sales, respectively.[50] In such situations the results have proven more accurate than planning & projection tools utilized by these same companies. The use of prediction markets as a part of the *Topl Protocol* provides a unique opportunity for us to aggregate the efforts of a wide array of actors in support of the *Pre-Pipeline* Incubator, staking arbits to represent an expected outcome. With each investment of *arbits* in a project, the *Topl Protocol* will continuously update the status of the entire list of projects, providing non-financial capital investors, *Mixologists* and entrepreneurs the most up-to-date portrayal of the MSME *Pre-Pipeline* Portfolio. Which projects are receiving the most feedback/input? Earning the most support? Generating the most concern? -- All important data for Colombia!

[50] Wolfers, J., and Zitzewitz, E. (2004). Prediction Markets. *Journal of Economic Perspectives*, American Economic Association, 18(2), p. 107-126.

Figure 18: MSME Pre-Pipeline Ecosystem



The **MSME Pre-Pipeline Ecosystem** represents the environment in which the Blending Capitals process actually begins. The **MSME Pre-Pipeline Incubator** is established as a cooperative structure to support the development of "bonding" social capital among the three primary actors - Entrepreneurs, Enterprises (multiple representatives of a single enterprise) and Mixologists. Three external sources feed Non-Financial Capital Stocks into the Incubator: 1) Colombian Actors, 2) International Actors, and 3) the **Topl Protocol**. Mixologists guide the infusion of Non-Financial Capitals in support of ventures, regardless of Class (E2, E1, D2, or D1). Mixologists engage in vetting ventures along with other actors as needed. In addition, with its "Prediction Market" capabilities, the **Topl Protocol** further assists with the Vetting Process, as ventures prepare to move into the **PIPELINE**.

The *Topl Protocol*: Altering the Enabling Environment

We have identified some significant features of the *Topl Protocol* which will enhance the movement of non-financial capitals, generating better circulation throughout the entire system and opening the MSME *Pre-Pipeline* Incubator and surrounding Ecosystem to a much larger audience. But how will this change the enabling environment?

First, it alters the quality of the ventures making there way through the **Blending Capitals Continuum**. The *Topl Protocol*, utilizing a distributed approach to business innovation, incubation, and development, delivers a host of *stake*holders well before traditional *share*holders would ever enter the investment ranks of a venture. Second, the *Topl Protocol* alters the enabling environment via unprecedented levels of transparency. The unalterable, public nature of the Blockchain means that an accurately-recorded history of all capital investments is available to anyone, at any time. By delivering a thorough accounting of the capital commitments made by each investor to a given venture, commited parties and would-be investors can observe the track-record of a venture from its inception in the MSME *Pre-Pipeline* Incubator.

With transparency, of course, comes greater accountability. We can track whether a venture received a specific infusion of human capital, as an example, and can inquire as to what an entrepreneur has done to incorporate that human capital into her/his venture. Was the human capital directed toward marketing & communications, or some other aspect of the venture? Was it helpful (not helpful) having an individual visit from another country to discuss permaculture techniques? How did such interaction benefit the entrepreneur personally? The complete investment record is available for review and direct impacts can be measured, along with accountability on both sides.

Finally, the *Topl Protocol* is capable of generating incentives for actors to participate in the *Pre-Pipeline* Incubator and to support entrepreneurs and enterprises in the development of a venture. In Colombia, the national government has been involved in supporting small-scale ventures to transition from production of coca to cacao as part of a pilot initiative in the post-conflict zones. However, these efforts are time-consuming and are quickly depleting the scant resources available. By utilizing *arbits*, the *TOPL Protocol* will be able to compensate actors for time and effort which is invested in a given project. These incentives will be delivered to participants once a venture meets a certain criteria level as established by the *Topl Protocol*. In the case of corporate "volunteers" serving a project/venture, these individuals may elect to assign their *arbits* back to a given project or place them in a "fund" to support a new cohort of individuals to join the Incubator.

Questions & Further Inquiry…

How will the integration of the *Topl Protocol* and the "in-community" activities manifest in concrete terms? Will the theoretical translate easily into real-world application?

How open will visitors be to joining the *Topl Community* prior to arriving in Colombia? What will incentivize them to do so – possible distribution of *arbits* to a venture they encounter? How difficult will it be to recruit visitors to join *Topl* in advance of their visit? Are they more likely to want to join after they arrive?

How will local residents connect with *Topl* given the access challenges – language, etc.?

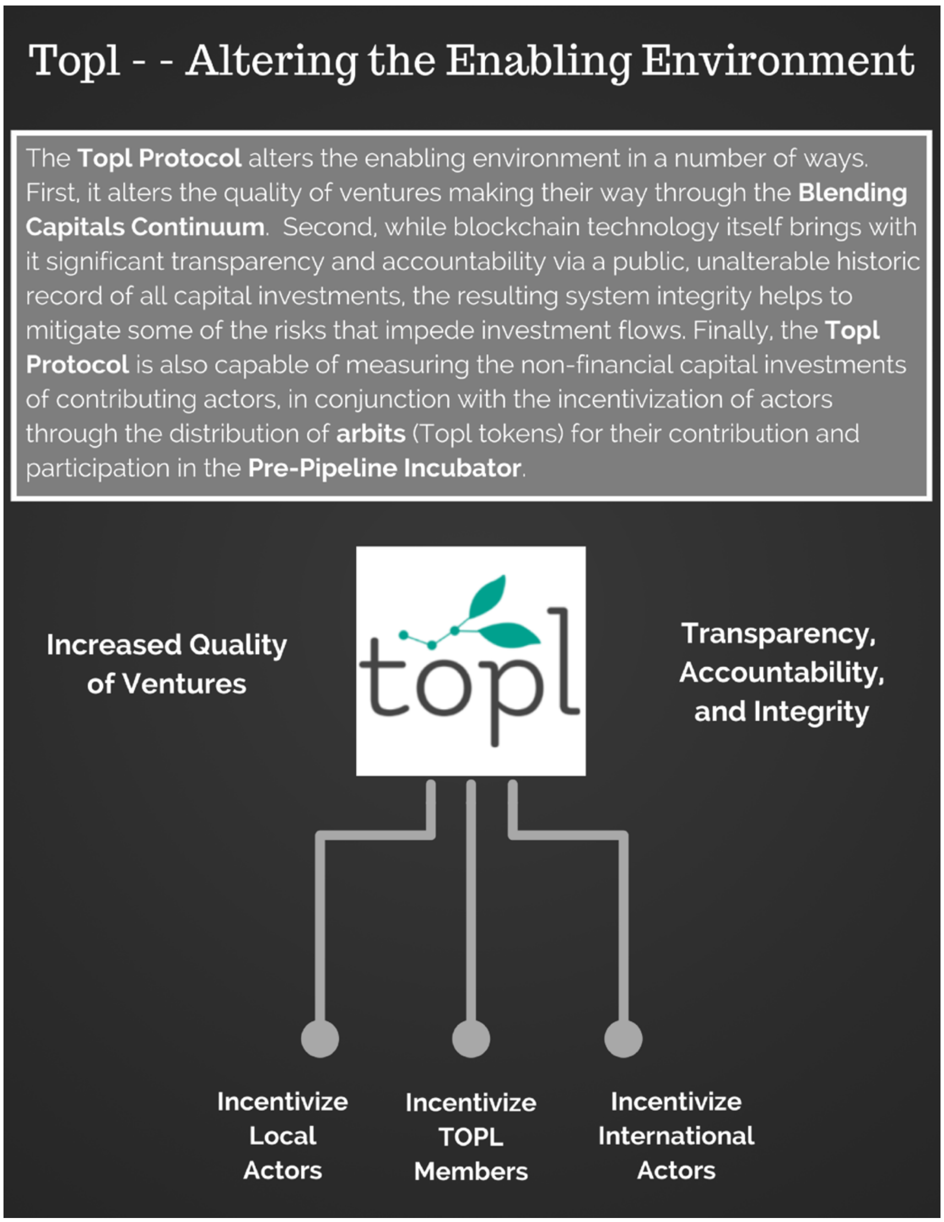


Figure 19: Three Features of the TOPL Blockchain, Altering the Enabling Environment

Road Map: *Blending Capitals For Peace*

Phase 1: September 2017

- Finalize White Paper & Presentation – International Peace Day (21 September)
- Update BC.Lab Website
- Establish University Partners in Colombia – "Institute for Blending Capitals"
- Advisory Team Invitations
- Executive Summary: – IIRC/Impact 2030 Integration

Phase 2: November 2017

- Alliance for Peacebuilding – Bi-annual Conference (11-13 October 2017)
- Complete List of *Blending Capitals (BC) Secretariat* Enrollees
- Complete "Blending Capitals for Peace" Team
- Complete Alpha Budget & Submit to Impact 2030
- Publishing – Key Publications & Networks

Phase 3: December 2017

- Convene Secretariat
- White Papers: 1) Blending Capitals for Peace Blockchain 2) Crowdpharming.com
- Official Launch: Institute for Blending Capitals in Colombia
- Executive Summary: IIRC/Reporting 3.0 Integration for MSMEs

Phase 4: January 2018

- Visioning: Blending Capitals *Pre-Pipeline* Incubator

Phase 5: February 2018

- Open Blending Capitals *Pre-Pipeline* Incubator
- White Papers: 1) GIS Mapping for Blending Capitals & MSMEs, 2) Provenance Code & Mobile Tagging

Phase 6: March 2018

- Engage first [BC] Cohorts for Blending Capitals *Pre-Pipeline* Incubator

Concluding Thoughts

> "Money represents the easiest and lowest-stakes way to contribute to new ventures. But for entrepreneurs, the expertise, networking, and intellectual capital that incubators and foundations provide—the resources to take an idea from concept to commercialization—often accounts for equal or greater value. It's time to build a more effective ecosystem of support and expand it as quickly as possible."[51]

Throughout this working paper, we have attempted to build a case for Blending Capitals for Peace in Colombia – presenting a number of challenges and several reasons for optimism that we can indeed support the entrepreneurs of post-conflict zones to initiate fundable ventures. Incubating these ventures in a multi-capital framework will reciprocally strengthen the awareness of MSMEs as to the value-in-use of these capitals and the awareness to replenish these capitals, ultimately contributing to the SDGs. (We continually ask ourselves: Would there be any collective value in contributing to the gestation of, even at a micro-level, a venture that is misaligned with either the SDGs or a multi-capital awareness?)

With interest growing for Blended Finance in Colombia, there is an increased opportunity for continued collaborative action and development of the field. Granted, Blended Finance is still at an early stage, yet obvious opportunities exist for information sharing and collective work that will grow the overall body of use cases as a whole. Groups and individuals with whom we have met (and continue to meet) have suggested that an especially valuable next step would be the development of a cross-sector alliance of specialized capital aggregators, institutional investors, emerging market private equity investors, fintech (especially blockchain) representatives, development agencies, public actors, and related parties to focus on the key issues such as: 1) innovative financial products, 2) impact reporting, 3) technical assistance, and 4) corporate involvement in sustainable MSME finance. With the added wrinkle of IFFs and a post-conflict environment, Colombia becomes fertile terrain for hosting global discussions, field-based research, experimentation & prototyping, and results-sharing across multiple stakeholder groups.

In terms of integrating a *Blending Capitals* approach with *Blended Finance*, Colombia is the quintessential laboratory for early-stage MSME exploration. With nearly 4 million Diaspora, Colombia has an untapped resource of potential *bridging* social capital. There is also "bridging" possible with the multiple millions of coffee consumers the world over who have, at least to this point, not been "officially" asked to support the current Peace Process in Colombia, *one cup at a time*. In the case of *wellness* capital (physical, mental, and emotional health), on the other hand, the abundant pharmacopeia of the country has yet to be harnessed for the overall well-being of its citizenry.

[51] Speicher, J. (2017). Innovative Solutions for Climate Change Need More than Money. *Stanford Social Innovation Review*, Accessed on 22 August 2017. (https://ssir.org/articles/entry/innovative_solutions_for_climate_change_need_more_than_money)

Engagement by internal and external actors in delivering increased wellness capital for families and communities through, for example, the naturally-occurring, health-enhancing products such as Noni, Guanabana, and other fruits and herbs, will have a net positive impact on human capital, thus increasing the productivity of enterprises and mitigating investment risk.

The TOPL Blockchain serves to further mitigate the risks associated with the enabling environment and creates a mechanism for advancing the circulation of non-financial capitals into MSME ventures at the earliest stages of their incubation. TOPL's involvement from the earliest conceptual framing of Blending Capitals stands to attract other Blockchain actors, such as Provenance, ID2020, and others which are integrating Blockchain technology, privacy, accountability, exchange, authentication, and marketplace development.

Multiple, non-financial capitals play a significant role in the successful implementation of a Blended Finance strategy in Colombia. Collaborating with investors and consumers to build out this Ecosystem is a parallel track to identifying and creating an Investment Pipeline and subsequent deal-making. In our view, the **Blending Capitals Ecosystem** contributes the following to financial capital, as to all other capitals: 1) mitigates capital risk, 2) enhances capital quality, 3) augments capital quantity, 4) manages/conserves the capital, 5) shares the capital, and 6) creates new capital. The more multi-capitals' conscious individuals and communities are the more likely that the financial investment will produce not merely a positive return but also a marked impact on long-term Peace in Colombia: SDG #16. We recognize that if we consider Peace as a capital, then Blending Capitals with Blended Finance and Blockchain technology, in the context of a physical BC Lab, delivers an integrative means of producing a capital that Colombia has been seeking for more than 50 years. Something we think is amply compelling to the Colombian government, partners, would-be investors, visitors, and, most of all, residents.

This working paper is an invitation, to you the reader, to bring your awareness to not merely what is written here, but to the notion of addressing the volatility, uncertainty, complexity, and ambiguity which exists throughout Colombia in these earliest of moments of the post-conflict peace process. As a work-in-progress, we think that peace in Colombia serves as a rich learning environment and has the potential to teach us a great deal about how we might integrate emerging technologies (Fintech & Peacetech), multi-capital frameworks, Blended Finance, and multiple actors in support thereof. We look forward to fielding your questions, comments, thoughts, and reflections and incorporating these exchanges into future iterations of this working paper.

About the Authors

David Clemmons – Co-Founder, The [BC] Lab

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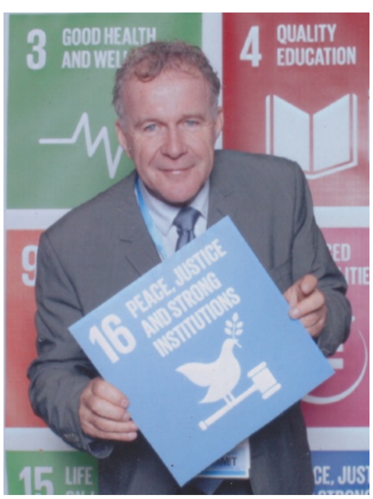
In 2000, David began focusing his attention on integrating the visitor experience and addressing the socio-environmental challenges of residents and destinations across the planet. Launching VolunTourism.org in 2003, he has since directed much of his energy to advising destination marketing organizations (DMOs) and other visitor value chain actors, as well as public, private, and social sector stakeholders in engaging visitors in augmenting the capital stocks allocated to meeting the demands of societal issues, environmental restoration & preservation, and post-disaster recovery. In 2012, he and Luc Lapointe began exploring how countries in Latin America could increase multi-capital flows through tourism and the mitigation of tourism-related currency exchange risk via innovative financing. After five years of interviews, discussions, and collaborations with local, national, and global stakeholders, they launched the [BC] Lab in Cali, Colombia in 2017.

Luc Lapointe – Co-Founder, The [BC] Lab

consultant.luc@gmail.com



Over the past 25 years, Luc Lapointe, a registered lobbyist in Canada, has worked closely with the not-for-profit sector and private sector in areas such as banking reform, vaccination of preventable diseases, immigration, international development, financial literacy, health, agriculture, and innovative financing. He has managed to influence public policies at the international, national, and local level. He has provided senior advisory expertise to the *Leading Group on Innovative Financing* as well as testified at several international events. Luc's policy recommendations are derived from a rigorous analytical methodology that employs an interdisciplinary approach to understanding and synthesizing problems while bringing a passionate commitment to delivering creative and strategic solutions to clients. He has chaired several national consultations on integration of foreign trained workers, pension reforms, as well as literacy in the workplace.

Luc is currently leading a private financial and human (Blending Capitals) strategy for the post-conflict in Colombia. He is also leading a global alliance to make private aid flows more effective and efficient. Luc manages several business relations in Latin America for AuthenticID, and Impact2030. In his spare moments, Luc teaches innovative financing at Universidad Libre and Universidad Javeriana in Cali, Colombia.

Chris Georgen – Chief Architect, Topl

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Chris Georgen is the chief architect behind *Topl*. He is a graduate of Rice University, where he obtained degrees in Mathematics, Physics, and Philosophy. During his time in college, Chris performed multidisciplinary research focused on emergent phenomena in complex systems and developed the core economic theories that inspired *Topl*'s development. He has a deep interest in the application of new technologies to economic and financial problems and is motivated by the potential for new economic systems to improve standards of living around the world.

Appendix A: Founding Partners

TOPL

The idea behind Topl is simple: by building an open capital infrastructure tailor-made for developing markets, investment returns and their economic impact can be greatly improved. Topl's investment protocol is designed to help investors overcome the numerous barriers that suppress the flow of capital into developing regions, thereby raising investment to levels appropriate to the vast potential of these economies. We believe that responsible investment in young, innovative, and locally-based companies is among the most effective drivers of economic growth and long-term social impact. This is exactly what Topl seeks to enable.

Impact 2030

IMPACT 2030 was created in response to UN Resolution A/RES/66/67 that encouraged further engagement with the private sector "through the expansion of corporate volunteering and employee volunteer activities". The IMPACT 2030 coalition convenes leaders from corporations, the United Nations, civil society, academia, and philanthropic organizations. Each IMPACT 2030 partner company has committed to applying its employee volunteer actions towards one or more of the SDGs.

MovingWorlds

MovingWorlds is a social impact organization addressing the global talent gap. Our online platform and community connects people who want to travel and volunteer their expertise directly with social impact organizations around the world. We maintain quality by selectively sourcing professionals and organizations who then interact through our website to find each other for "Experteering" engagements. Both "Experteers" and "Hosts" also have access to our MovingWorlds exclusive training, resources, and planning guide to help ensure safe, high-impact engagements. In addition, forward thinking corporations can leverage the same platform to create and manage worldwide skills-based volunteering programs for employees. MovingWorlds is a Social Purpose Corporation (AKA B Corp).

Appendix B: Concept Note – The Blending Capitals Laboratory [BC] Lab

The *Blending Capitals Laboratory* (**[BC] Lab**) has been a work in progress for nearly a decade. It has been clear from the earliest thinking on this project that there are at least three major elements that are impacting communities, especially rural communities, in Latin America and elsewhere. First, access to financial and many non-financial capitals is drastically impeded. Second, the significance, extent, and integrity of the value chain is, quite ironically, *under*-valued. Third, there is a major communication disconnect between rural communities and the mass of individuals most interested in supporting the entrepreneurial ventures being drafted and developed in the context of micro- & small-sized enterprises (MSEs) in these communities. What can we do about this?

The [BC] Lab is proposed as both a physical space and a virtual platform. As for the former, the [BC] Lab is envisioned as a physical structure at which visitors from Colombia and beyond may more closely interact with Campesinos and other entrepreneurs, the ventures they are proposing, and the unique environment that is the Pharmacopeia and the natural capital of the Cauca. It will also, literally, be a laboratory for the study of the Pharmacopeia of the region as well as a production facility which will integrate with a collective of nutritionists and nutrition-oriented companies in South & Central America, the EU, North America, Asia and Australasia.

The [BC] Lab will facilitate the interactions and collaborations between *visitors-and-visitors* and *visitors-and-residents*. Co-creating authentication of production <u>and</u> producers and enhancing the quality and augmenting the quantity of the various capital stocks, visitors and Campesinos will actively engage in gradually moving ideas through this Blending Capitals *Pre-Pipeline* Incubator into fundable ventures. In this context, visitors will also encounter herbs, fruits, and even vegetables rife with preventative, medicinal benefits, while exchanging knowledge and insights of how these products may be connected through a proof-of-provenance, blockchain-enabled (virtual) platform.

In August 2017, the *NEM Foundation* partnership with *Blockchain Global* opened a Blockchain Center in Malaysia as a co-working space, incubator, and accelerator. On a micro-scale, the [BC] Lab also hopes to replicate this effort and to serve as a location for coders and blockchain enthusiasts to interface with local residents in order to better influence the integration of off-blockchain verification & authentication, as well as the stark realities of the value chain at the community level. Additionally, we intend to use this micro-Blockchain Center as a place for collaboration with Blockchain offerings which are either reliant on off-blockchain authentication & verification or serve to meet some of the challenges of the enabling environment. The aforementioned ID2020 project and Stellar Lumens represent two such Blockchain projects that could interface with these challenges, respectively.

Although there is still much to be explored in terms of the practicality of establishing a comprehensive learning/living/hosting laboratory in the Cauca Region of Colombia, we are encouraged by the growing support of those who have been part of this exploration thus far. There are substantive models of similar facilities in othe parts of Latin America; these, however, have not yet introduced the Blending Capitals approach and the Blockchain and Authentication elements which may support the de-risking of the enabling environment even further. As we continue to discover insights and broader understanding from the local and global communities, we will provide regular updates to this working paper for further review.