



First, let me send warm greetings to all in this tumultuous time. I was speaking with one of Acumen Fund's board members a few weeks ago, and mentioned that we are really "in the thick of things" now, and moving more quickly up the learning curve than I ever remember doing (although my team teases that I always say that).

Think about the first four months of this year alone. We've seen an economic downturn that has also affected low-income people worldwide, made it more difficult for companies to access capital, and significantly challenged our own fundraising efforts. Pakistan continues to suffer growing instability, and how both the world and Acumen Fund itself respond is top of mind. Our portfolio is solid, though smaller (\$35 million) than it was two quarters ago due to the full write-off of Medicine Shoppe, ongoing repayments of our investee loans, and our decision to pull out of an approved investment before any funds were disbursed.

At the same time, we've seen a number of investments grow aggressively, serve hundreds of thousands of clients and enable us to integrate important insights into our work. We are in solid financial condition, have a growing team and just selected a fourth class of fellows. We've never been busier, and I believe that now is the time for experimentation, innovation and an urgent focus on supporting things that work. It is in this spirit that I share with you some of the more challenging aspects of the work, so that together we have a better chance of getting things right.

For the first time in eight years, we've dealt with allegations of ethics and corruption affecting our investees. I remember giving a presentation to a group of young Pakistanis, telling them that our Pakistani Fellow endured delays of more than a year to get land registered for a low-income housing project because he refused to pay bribes. A young woman raised her hand and asked me whether it was more unethical to pay "speed money" or more unethical to make poor people wait even longer to access affordable housing. At Acumen Fund, we believe that, ultimately, the poor are hurt worst by endemic, petty corruption. We therefore take a stand against paying speed money and other forms of corruption and keep our eyes focused on building systems that can work for everyone without cutting corners.

IN THIS NEWSLETTER +

- + Announcing our new [Agriculture Portfolio](#).
- + The [Health Portfolio](#) continues to focus on pipeline.
- + Our [Housing Portfolio](#) and [Water Portfolio](#) are contributing to knowledge in their respective sectors.
- + Our [Energy Portfolio](#) focuses on making clean energy available to the poor.
- + Our [community](#) is thriving.

FORWARD TO A FRIEND

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Work with Acumen Fund
Check in periodically at the [Get Involved](#) section of the website for available positions at Acumen Fund.

ANNOUNCEMENTS +

- + In April, Jacqueline Novogratz was honored with the [2009 Leadership in Social Entrepreneurship award](#) from CASE at Duke University.
- + Follow Acumen Fund on [Facebook](#) and [Twitter](#).
- + We've posted great new videos on

But the road is complex. In more than one case, we've made the difficult decision to disinvest because of ethics issues, thus reducing our overall portfolio. At the same time, we are working hard to support a group of entrepreneurs with strong moral compasses who will help build a world of greater integrity. I would also urge business schools around the world to focus more cases on the real operational hazards facing entrepreneurs serving the bottom of the pyramid, given the many trade-offs with which they must contend. From my perspective, the very notion of patient capital should provide businesses more time to do things right from the start.

Acumen Fund is also moving toward greater focus in how we invest, focusing our funds and, as important, our time on providing more support to those investments we believe will become true models for the sector, as well as to those investments we believe are in danger of seeing impact decline significantly. Sometimes the reason is political. I wrote in [my last letter](#) that government officials had told rural borrowers from [Kashf Foundation](#) they no longer had to repay their loans. Kashf has done a remarkable job responding to this and is on the road to recovery. We are helping as we can and urge others to support this important institution. In other cases, more management assistance is needed and we are working more deliberately on providing that, as well.

We are busy. Our pipeline of investments continues to grow and we are beginning to see exciting results in spite of the downturn. [LifeSpring Hospital](#) now has six hospitals up and running and projects to have 16 by year-end. The ambulance company [1298](#), has now won contracts to provide emergency services to several states in India. (I've written about these investments and others in [my last journal](#)). [Ecotact](#), a public-private venture providing safe, clean, affordable toilets in urban areas, has completed its 11th toilet facility. Its locations see, on average, 1,000 people a day — on one day the Aga Khan Walk Ikotoilet in downtown Nairobi saw over 3,000 users. These achievements are what remind us daily of what is possible — and that now especially, in this difficult time, there is still extraordinary opportunity for change. I personally have never felt a greater sense of urgency — or hope — for it is a hope that starts with people who are beginning to understand the concept of patient capital and want to find ways to help individuals help themselves. You have been part of spreading that message and we thank you for your support, always.

Our World Today

While in India I spent an hour or so talking to Dr. Jyotsna, one of the doctors at [LifeSpring Hospital](#). In her early thirties, she'd joined the hospital group after working in a corporate hospital chain. What struck me was not just her competence — for she was amazing in her knowledge of science and empathy for the patients — but in the way she spoke about her work. She explained that she loved LifeSpring "because it gives me freedom and dignity to work here. I have the freedom to use the science I was taught and be the doctor I

Acumen Fund's [YouTube channel](#), including [this one](#) on housing investee Saiban and [this one](#) from the mid-year meeting of the Acumen Fund Fellows.

+ Check out the redesigned [Knowledge Center](#) and [people pages](#) on our website.

+ Jacqueline appeared on *The Charlie Rose Show* in March. You can watch the interview [here](#).

+ Are you a member of Young Professionals for Acumen Fund? Visit their [blog and sign-up](#) to receive invitations to live events and to meet like-minded individuals who want to help change the way the world tackles poverty.

WHAT'S NEW WITH ACUMEN? +



The Blue Sweater on Facebook!

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SEEN ON OUR BLOG +

The Three Rs of Social Sector Leadership

Talent manager Blair Miller talks about [what it takes to succeed](#) in the social enterprise sector.

OUR COMMUNITY +

The past few months have been a continuous reminder of how everything we do comes down to the people who comprise Acumen Fund at all levels of our extended organization. Our Advisory Council met in April, and I was struck by the richness of a discussion about the future among such diverse luminaries as Nobel laureate Joseph Stiglitz, former Senator Bill Bradley, marketing guru Seth Godin, Shorebank's Jan Piercy and AIDS expert Seth Berkley, to name a few. We were honored to be joined by advisors Farrokh Captain of Pakistan and Sadeesh Raghavan of India, and they brought keen insights and understanding of our global strategy as seen from the local context. Many of our advisors spend several hours weekly with our team.

Thanks to the hard work of 13-year-old

dreamed of being. I don't have to make compromises. What is important is that my customers are healthy."

This is the dream: to build systems where every one of us can live with dignity and a sense that our lives are part of making the world better, and this includes not only the customers but the doctors like Dr. Jyotsna, the entrepreneurs, the investors, the Acumen Fund partners — and their children as well. Ultimately, this approach of investing patient capital in innovative entrepreneurs serving the poor is, to borrow from one of the kids, "good for everyone."

And everyone can hear that message. Perhaps my favorite review of my new book, *The Blue Sweater*, came from a young man who lives in Nairobi's Kibera slum. One of the [Acumen Fund Fellows, Suraj Sudhakar](#), had given Kevin Otieno, an unemployed but self-taught man with a third-grade formal education, a copy of the book to read. Kevin wrote that:

"the 'blue sweater' is not only inspirational but educative and encouraging especially for some of us who the society and system has made it hard to penetrate due to our socio-eco-status including the educational level. Before i go further i want to say that we are living in a world if no society which determines ones intelligence or knowledge with papers not the ability or talent i have been a victim of it ,so those who fall in that category like me could only do manual jobs or wait for the donors who as jacqueline said and i concur with her in her book donors are not bad but truly there is no empowerment in just putting money and thats all."

We are all interconnected and we need one another. Kevin reminds me that this work is not only for the poor and excluded but for every single one of us. How we spread the message to those living at the bottom of the pyramid is our next challenge, and we'll need the help of all of you. But together, we'll make it happen.

Following are updates on our portfolios.

Warm regards,



Jacqueline

Portfolio Updates

AN OVERVIEW OF OUR PORTFOLIO'S PROGRESS THIS QUARTER

Agriculture

We are pleased to announce the official launch of our [Agriculture Portfolio](#), which at the end of first quarter, totals \$2.9 million in approved and active investments.

Anna Novogratz and 14-year-old Charlotte Kaufman, Acumen Fund held its first "Acumen Fun Day" on Take your Child to Work Day. (Check out video from the day [here](#).) About 20 kids, aged 8 to 14 spent the day learning and exploring our work. The day culminated with team presentations on the countries in which we work and portfolio companies as well as a spirited business plan competition. Some of my favorite lines:

+ "Kenya is the 17th poorest economy in the world, and that's not good for anybody."

+ "[Jamii Bora](#) sells houses for \$4,000 each, and anyone who knows New York real estate knows that's a good deal anywhere."

+ "Our business plan is focused on doing good things like healthcare and a toy store, and we're giving 40% of profits to Acumen because it is good to invest your money in people who know what they are doing."

+ And from an eight year old, "Today I learned that malaria is a disease that kills more than a million kids every year, mostly in Africa. That makes me really sad."

The kids had us laughing and crying as they stood proudly and told us what we do in their own beautiful words. Parents and team members were as inspired as the young people, all reminded that the world we're trying to create is the one we need these young people to lead.

Our focus on agriculture is a natural outgrowth of the success of the agriculture-related investments in the water portfolio.

Worldwide, as many as 800 million of the extremely poor live in rural areas, and most of them are smallholder farmers. While landholdings vary by region, a smallholder farmer family typically depends on the production of less than two acres of land. And their landholdings are shrinking, inducing a strain on productivity and agricultural output. Acumen Fund's investments in the agriculture sector serve to better the lives of poor farmer families by improving smallholder farmers access to better agricultural inputs and equipment.

Our newest investment in agriculture is focused on improving livestock productivity in Pakistan. **Jassar Farms** focuses on dairy and breed improvement, using low-cost, high-quality artificial insemination, that would allow increased milk yields from livestock over time — thus improving the incomes of poor livestock farming families. With our investment, Jassar Farms has the potential of improving the lives of more than 180,000 families in the next five years. (A recent [post on our blog](#) gives more information on the investment.)

We are grateful to the Gates Foundation for helping us broaden our work in agriculture, allowing us to build on previous investments, such as **Global Easy Water Products (GEWP)** and **Micro Drip**, which we've reclassified as agriculture investments.

[See all of our current Agriculture Portfolio Investments >](#)



With our first investment in the livestock space, we hope to gain insight into the challenges and possibilities for increasing the productivity of poor dairy farmers.

Health

As of the end of March, we have \$21.1 million in committed investments that are focused on a diverse set of health challenges, including basic healthcare access in rural areas and treatment for malaria and HIV/AIDS.

The health pipeline continues to look robust, and we are exploring potential opportunities in the health insurance, ophthalmology and diagnostic sectors. We did have one setback with the write down of Medicine Shoppe, a pharmacy chain in India. Although we still believe that the core basis of the model, i.e. high quality, low-cost health centers providing genuine drugs, holds great promise, the company was unable to execute its vision.

Acumen Fund will also be participating in the **Global Alliance for Improved Nutrition (GAIN)** Business Alliance conference later this month to discuss accelerating access to improved nutrition through innovative financing mechanisms.

[See all of our current Health Portfolio Investments >](#)



Ambulance company 1298 continues to scale, winning contracts to provide emergency services for several states in India.

Housing

At the end of first quarter, we have \$4.8 million in committed investments that are focused on affordable home ownership and housing finance.

We've written before about former **Acumen Fund Fellow Jawad Aslam**, who has been working to scale the **Saiban** model and to launch a for-profit housing development and management company — the first of its kind to focus on affordable housing for the poor in Pakistan. Acumen Fund recently executed an agreement to invest in Jawad's Ansaar Management Company (AMC) to build 2500 homes that will provide safe, affordable housing to 20,000 individuals.

Our **Pakistan team** continues to deepen its knowledge in the housing sector and has recently published "**Challenges of Expanding Saiban: Scaling Affordable Housing for Low-Income Communities in Pakistan**," based on our experience with that investment. At Saiban's Khuda ki Basti 4 development outside Lahore, there are now 135 families living in a clean, safe and affordable housing community that is connected to the electricity grid and provides sanitation services.

[See all of our current Housing Portfolio Investments >](#)



Families at Saiban's KK4 development have safe housing and access to services.

Water

As at the end of March, we have \$3.7 million in committed investments that are focused on improving access to high-quality drinking water and sanitation.

Acumen Fund is also contributing to knowledge in the water sector. Water portfolio manager Adrien Couton contributed to the recently published "**Smart Finance Solutions Booklet**," which highlights innovative financial mechanisms for water and sanitation.

In addition, the Ripple Effect project continues its momentum. The team completed field research in India, meeting with individuals seeking access to treated drinking water and with the organizations that provide it. In March, Acumen Fund convened a very successful workshop in Hyderabad that included Acumen Fund, IDEO, Gates Foundation, and RTI/Manoff Group, as well as 11 Indian water organizations and sector experts from 7 external agencies — allowing collaboration among organizations each passionately pursuing its own goals to make water more accessible. Five organizations — Jal Bhagirathi Foundation, Naandi Foundation, Piramal Foundation, Water Health India, and Water and Sanitation for the Urban Poor — were selected to receive Ripple Effect Award grants to test out their ideas. Pilot projects are being implemented across rural and urban India.

[See all of our current Water Portfolio Investments >](#)



The Ripple Effect project allows for experimentation with innovative solutions for the delivery of safe water.

Energy

At the end of first quarter, we had \$2.4 million in approved and active energy investments, focused on access to power as a critical good that can meaningfully alter the lives of the poor.

The first quarter has been exciting as we continue to build a portfolio of organizations that bring clean energy to the poor. **D.light Design** has been rapidly expanding from the development of their core products in 2008 to building a strong sales and marketing team on the ground in India. And they've had some great success stories. In March, they reported their first 100% solar village in Orissa, India - where solar LED lighting has replaced kerosene. (You can read more of this story on our [blog](#).) And in addition to India, they have now begun to work in Tanzania, where they are also seeing strong consumer interest. D. Light is attracting attention for its work — it was nominated as a finalist for TiEcon 2009's 50 Hot Emerging Companies award and as a finalist in the Sankalp Social Enterprise Awards for Environment & Clean Energy.

And **SHREY**, our micro-hydro project in India, also continues to make progress. CEO S.K. Sharma has really taken a leading role in influencing the policy and process of developing local water resources in the Himachal Pradesh region. This investment has been a real lesson for Acumen Fund in the hurdles of government bureaucracy that are virtually unavoidable in the provision of grid-based electricity to the poor. The company is now completing the hydrological surveys and analysis on the first five micro-hydro power sites, and we hope to break ground soon.

[See all of our current Energy Portfolio Investments >](#)



Dalimbo Khosla is a resident of D. Light's first 100% solar village in Orissa, India.