



A number of people have asked me whether the enterprises in which Acumen Fund invests provide an alternative to government, and also if our investments ever work with government. In fact, a number of our most successful investments are moving to both sustainability and scale because they are *partnering with* government in different ways. Indeed, we're beginning to see a number of different models for partnership emerge.

An example of a private-sector company expanding its revenue base to include government contracts is [Dial 1298 for Ambulance](#). The company has created a powerful model of a private initiative with a public ethos: service for all. If a patient is taken to a private hospital, he or she pays the full charge. If taken to a free public clinic, she pays 50% of the normal charge, including in some cases nothing at all. The company also actively refuses to engage in corruption, uses state-of-the art technology to run its operations, and has grown six-fold since we first invested two years ago.

But that's just the start. During the terrorist attacks on Mumbai last November, 1298 was the first responder, responding to more than 125 injuries and providing an example of how emergency services should work. Since then, the company has won contracts to provide services to two Indian states, and projects significant growth in the next few years. Our hope is that 1298 becomes a model not only for Indian cities but for cities around the world — and that is where scale and impact will really be seen.

[Ecotact](#) is a private toilet company to meet the needs of the many people who travel daily into Nairobi to work, but who often have no access to restroom facilities. Under this model, the Kenyan government provides subsidized land and the company charges about 6 cents per person to use the clean, safe, well-lit toilets. It is easy to underestimate the value of clean public toilets: people want the dignity that comes with privacy. I visited Nairobi last year before the first toilet was working, and today, more than 11,000 people per day are using the increasingly famous eco-toilets throughout Nairobi. Moreover, Ecotact's CEO, David Kuria, was recently honored with a [Social Entrepreneur Award for Africa 2009](#) by the World Economic Forum in Capetown.

A third but different example is [Lifespring](#), an innovative maternal health care company. A joint venture between the Indian

IN THIS NEWSLETTER



- + In [Water](#), the Ripple Effect project successfully completes its India phase and moves into East Africa.
- + Our new investment in [Agriculture](#) is off to a good start in livestock breed improvement in Pakistan.
- + The [Energy](#) team navigates the intricacies of India government policy.
- + [Health Portfolio](#) investments across our geographies continue to progress.
- + In Pakistan, the team continues to build on its knowledge in [Housing](#).
- + Our [community](#), particularly the Young Professionals group, was very active over the past quarter.

FORWARD TO A FRIEND



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ANNOUNCEMENTS



- + Congratulations to our [2010 class of Fellows](#), who start their training with

government and Acumen Fund, Lifespring operates as a for-profit company with a mandate to provide affordable, quality maternal and child healthcare to low-income Indian women and their babies. Whereas a typical Indian hospital costs about \$100,000 per bed to build, Lifespring expends about \$100,000 *total* to build each of its 20-bed hospitals. The company now operates seven hospitals and intends to be running 30 total in the next two years.

On a global level, Acumen Fund has never worked directly with government; however, we are currently exploring new kinds of partnerships. This has been precipitated by the passage in the United States Senate of the Kerry-Lugar Bill, which will allocate \$1.5 billion in US assistance *for each of five years* in part to support social and economic development projects in Pakistan. Our concern, of course, is that international aid is hamstrung by a number of constraints. First, it can sometimes be top-down and directive, rather than responsive, and therefore is not oriented toward supporting entrepreneurs. Second, aid agencies often impose unrealistic expectations for short-term results: monies received by organizations must be spent in the year they are received and results shown in that same period. Finally, reporting requirements tend to be overly burdensome, especially for small organizations.

You might wonder why we are considering partnership with government at all, considering how Acumen Fund works. The reason is two-fold. First, we believe this is a unique moment in history with a U.S. President and Secretary of State who are committed to doing things differently and focused on supporting innovation. Second, if we are to see true scale in delivering affordable, basic services to the poor, governments have and will continue to remain intimately involved. We remain ever hopeful and eager to contribute in constructive ways to current thinking about how all of us might be more effective in solving problems of poverty using a mix of markets and smart subsidies.

However, there's one thing about which we are certain. While we hope to be constructive critics who also propose feasible solutions, we are committed to avoid any partnerships that might compromise our mission and the way Acumen Fund executes toward sustainable results.

Our World Today

While in Pakistan this July, I spent two days (along with board member Ali Siddiqui and Pakistan team members) in Bahawalpur, an agricultural area in the southern Punjab region. The area is known for widespread poverty among its smallholder farmers, and also for having a significant concentration of extremist *madrasas* (traditional religious schools) so that, as one man put it, the region is "a place of fertile pickings for recruits to the Taliban." Those low-income families who do send a son to a *madrasa* (and only a small percentage of *madrasas* espouse extremist views) often do so for economic and not religious reasons. At the same time, the

Acumen Fund in just a few weeks.

+ See Jacqueline Novogratz's appearance on [Fareed Zakaria's show on CNN](#).

+ Watch video from our recent [Student Leaders Workshop](#).

+ We're looking to start our second volunteer chapter in San Francisco. Interested in helping? [Apply now](#) to be a San Francisco Chapter Leader!

THE BLUE SWEATER +



BusinessWeek included *The Blue Sweater* as one of its [20 great summer reads on innovation](#).

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WHAT'S NEW WITH ACUMEN? +

Count something, make it count

We celebrated (our self-declared) [World Metrics Day](#) on June 16 and have been making significant progress on our Pulse system, with a pilot program running through September to get some of our most highly engaged [early supporters](#) up and running on the system. We've also been working with the Rockefeller Foundation and B-Lab, with support from Deloitte and PwC, to create a taxonomy for impact investing metrics called [IRIS](#). And, of course, we are working with our developer team to ensure that Pulse is fully compatible with IRIS.

SEEN ON OUR BLOG +

Summer Spotlight

We've been keeping our Summer Associates hard at work. Read what they've been up to in the [Summer Spotlight series](#).

OUR COMMUNITY +

These past months have marked a thrilling development in our community as it has expanded to include hundreds of young people who are committed to our mission and want to dedicate their energies to market-based approaches to solving problems of poverty. This quarter, the [Young Professionals for](#)

farmers we met there were hardworking, determined to make better lives for themselves and very pragmatic.

We spent a few hours on a sweltering day (the temperature was around 120 degrees Fahrenheit) talking to a group of farmers who described the way they accessed the inputs like seeds and fertilizers needed for them to farm their lands each season. Historically, they've been dependent on *artis* or middlemen who would give them poor quality inputs at the beginning of the season and then charge them 20-30 percent interest *per month* to be repaid at the end of the harvest. Collateral was always required (it seemed the most common was the farmer's motorcycle, if he had one) and the inputs typically arrived too late for the farmers to maximize their productivity.

What the farmers want and need is loans that can be accessed before the season starts ("we can create better hybrids than the marketplace but we need time," one farmer told us) and a way of accessing the banks without having to spend entire days going back and forth to the cities. One innovative organization is charging them 26% effective annual interest and has made significant inroads in seeing enormous increases in farmers' productivity. I asked a farmer named Mohammed if he thought such a high rate of interest was fair.

"Madame," he told me, standing as straight as an arrow in his white kurta and pants despite the heat, "You see I know how much I am spending on seeds and on fertilizers and on inputs for my acre of land." He then proceeded to rattle off figures for his different crops, at the end of which he said, "I calculate that I am making 70-80 percent from the money I put in at the beginning of the season before I pay my debt, so 26% interest feels very fair to me." I smiled, enjoying his confidence and the way he spoke as a real businessman, for that is what he is.

"And has your life changed since borrowing in this new way?" He nodded. "How?" I asked. "You see, Madame," he answered, "before I owed everything to the arti. Now I have choice and freedom."

John F. Kennedy said that those who make peaceful revolution impossible make violent revolution inevitable. We have a chance to give low-income people the opportunity to change their own lives — and when they have it, they use it in ways that unlock unlimited human potential. Please join us and be part of this work.

Following are updates on our portfolios.

Warm regards,



Jacqueline

Acumen Fund, a self-organized group of more than 800 professionals in New York City, hosted a [reading of *The Blue Sweater*](#), and, in conjunction with the [Nuru Project](#), held a [fundraising event](#) that attracted more than 250 people and raised nearly \$25,000 for Acumen Fund. The Nuru project worked with prominent photographers, including Acumen Fund advisor Susan Meiselas as well as Steven McCurry and others, to donate their work, which was then auctioned. The evening's focus was on the dignity of the poor and no one left untouched. We're grateful to the photographers and inspired by the energy brought to us by so many Young Professionals and hope to see similar groups organize in other cities around the world.

In June, Acumen Fund Pakistan hosted a quarterly tea focused on "Micro-insurance: Pioneering Access to Quality Healthcare for the Poor," featuring John Pott, Project Head of [First Micro Insurance Agency](#), who spoke about the innovations in delivery of micro health insurance products to low-income markets in Pakistan.

Acumen Fund also held a [Student Leaders Workshop](#) for 17 extraordinary university students who wanted to become more involved in bringing our message to their peers; and we had a wonderful evening reunion for some of our alumni who have worked with Acumen either as full-time team members or as summer interns in years past. Our hope is to build a permanent network of individuals around the world who carry Acumen's values with them and are committed to our mission, regardless of where they are working. Finally, our thanks to Acumen Pakistan Advisor Zubyr Soomro, as well as Board Chair Margo Alexander, Beth Dozoretz and Lynda Resnick, for hosting private events to introduce Acumen Fund and the ideas of *The Blue Sweater* to an expanding audience of individuals.

Portfolio Updates

AN OVERVIEW OF OUR PORTFOLIO'S PROGRESS THIS QUARTER

Water

As at the end of June, we have \$2.9 million in committed investments that are focused on improving access to high-quality drinking water and sanitation.

Ecotact, Acumen Fund's investment in sanitation services in Kenya, will be opening a new toilet facility (its 13th) in Machakos, a town in the middle of the drought-prone Ukambani region. The country's Vice President is expected to be in attendance at the grand opening.

Ripple Effect has completed its India phase, with five organizations conducting two-month pilot projects, for which Acumen Fund and IDEO provided mentoring support and design inputs. The pilots are now complete, and all the organizations are continuing to run these projects as part of their operations and all plan to expand and scale the work beyond their initial pilot locations. For example, Jal Bhagirathi Foundation's pilot resulted in an increase of water sold from their plant from 2,000 to 12,000 liters a day. Both Piramal Foundation and Naandi Foundations successfully demonstrated operational automated water dispensing units. Piramal plans to scale the technology across all its plants next year and Naandi Foundation plans to set up 500 such units by the end of 2010. WaterHealth International ran a very successful awareness-building campaign in 6 villages, resulting in an increase in revenues of 4-7 times in some villages within a few weeks of the implementation. Ripple Effect has launched its East Africa phase, and the team is in Kenya meeting organizations, communities and customers.

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

Agriculture

At the end of the second quarter, our new Agriculture Portfolio represents \$5 million in approved and active investments. With so many of the poor employed in the agriculture sector, the team is exploring investments in high-quality inputs, post-harvest storage and distribution, and fair trade practices that will benefit smallholder farmer.

Jassar Farms in Pakistan is laying the groundwork for its semen processing unit expected to come online by 2012. At Jassar, the first generation of high quality heifers are expected to produce milk yields north of 2,500 liters/year (versus an annual average of 1800 liters) once they come into milk production in during the next year. The yield results of these high quality cows will provide a marketing platform for the high quality semen that



As part of its participation in a Ripple Effect pilot, WHI demonstrated to villagers the safety of their water under a microscope.



GEWP is seeing increased demand for its drip irrigation products among smallholder farmers around the world.

Jassar will subsequently be producing. Jassar is one of the few farms in Pakistan where such breed improvement work is being undertaken.

In 2009, **GEWP**, our investment in drip irrigation in India, continues to double its sales to Indian farmers and is beating its quarterly sales and profitability targets. GEWP has seen an increasing demand for their micro-irrigation products in other regions of Asia, Africa and Latin America. We are helping them actively look at East Africa for export markets.

We are close to finalizing our first agriculture deal in East Africa, a company that promotes sustainability and produces seed varieties appropriate for traditionally low-income farmers.

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

Energy

At the end of second quarter, we had \$2.8 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.

In India, the Himachal Pradesh state government has agreed to launch a new policy exclusively for micro-hydro projects (less than 100kW, which is the size of our projects). This policy is intended to incentivize the execution of small-scale projects that benefit rural communities--such as Acumen Fund investee **SHREY**. Mr. Sharma, the founder of SHREY, has been a strong advocate for this new policy. After a prolonged application period that taught us a great deal about government bureaucracy, the State Secretary has approved 6 sites for SHREY and we are now filing for the final permits.

D.Light, which distributes low-cost lighting solutions for the poor, is working on two new products: one ultra low-cost light and one solar home system. D.Light sales in East Africa are really taking off. This is partially due to the market, where 85% of the country is off-grid, there are no government subsidies for kerosene and there are few other solar lighting players that have reached any scale.

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

Health

As of the end of June, 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 **1298** ambulance network in Mumbai and Kerala has increased by three times over the last financial year, with revenues increasing by 50%. They are currently finalizing fundraising for a nationwide expansion model that would cover



D.Light is developing a range of lighting solutions for low-income customers.



FMiA's micro insurance products help protect low-income families from the financial shocks that can lead to economic ruin.

the major cities across India. A public-private partnership in Patna (State of Bihar) was launched with 10 ambulances, and another in the State of Kerala with 25 ambulances is to become operational later this year. Sweta Mangal, 1298's CEO, was recently featured on the [CNBC program Young Turks](#), which features young entrepreneurs in India who are trying to make a difference.

In Pakistan, [First Micro Insurance Agency \(FMIA\)](#) continues to make progress with insurance policies for the poor, rolling out 11,000 micro health policies in Karachi, Pakistan's largest urban center, as well as an additional 9000 policies in northern Pakistan. This rollout has seen the enrollment of average family size increase from 3.7 to 4.1 people per family, indicating increasing acceptance of the micro health insurance product and improving the company's economics. FMiA plans to partner with a Lahore-based organization providing preventive health care to students studying in low income schools in an innovative model to provide health coverage to these students and their families.

[Books of Hope](#), which produces speaking books on health issues, recently won an AfriComNet 2009 Award for innovation in HIV and AIDS communication.

We are close to finalizing an investment in a Kenya-based company whose objective is to deliver services to address diabetic retinopathy, especially to low-income groups. Its services will be retailed through two channels: an affordable pay-for-service mobile eye unit that is targeted primarily at low-income populations particularly in rural Kenya, and an eye care center providing specialized diagnostic eye care services previously unavailable in East Africa.

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

Housing

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

In Pakistan, [Saiban's](#) KKB-4 development has begun to see a steady increase in sales, and has an improved liquidity position. Through June, 177 residential plots and 38 commercial and other plots were sold. The community continues to add infrastructure, with a main boulevard nearing completion, and construction of a mosque has begun and is expected to be completed in Q3 of 2009.

As a step toward building the foundations of an affordable housing sector, Acumen Fund has received funding from Citi Foundation to conduct market research on low income housing demand and housing finance in Pakistan with an eye toward designing an appropriate finance product for low-income consumers. This has the potential to provide great insight into



Saiban is building a community, not just housing, at its KKB-4 development.

customer preferences and constraints and the formal and informal financing sectors. The surveys for the project have just been completed in the four major urban cities including Karachi, Lahore, Rawalpindi and Faisalabad.

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

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