

# Africa Journal

February 6-15, 2006



Monday, February 6  
Nairobi, Kenya

Long flight from New York to Nairobi. On the plane, I meet a State Department guy on his way to teach ethics at the University of Kenya law school. Kenya's finance minister resigned recently due to corruption charges, and more resignations are expected this week. I ask him if he plans to talk about this, and he says he does but that he will start with stories about the U.S. scandals involving lobbyists and politicians, also at the highest levels of government. We live in a different world than we did twenty years ago, and Africa is starting to feel the changes.

Tuesday, February 7  
Nairobi, Kenya

Brian Trelstad, our Chief Investment Officer, and I are staying at the Holiday Inn in Westlands, just a few streets away from where I used to live off Ring Road near the Sarit Centre. The hotel is beautiful, and our rooms look onto a tropical garden. The air, the scent of the flowers, the quiet elegance of the hotel all provide comfort – like I am coming home somehow, although I lived in Nairobi for only a little more than two years, and that was twenty years ago. But they were important years, youthful years when truly nothing was impossible. I was asked to think about what has changed in twenty years, both good and bad. It is a great question. India is a different place – at least in many parts of the country. Is Africa?

I was scheduled to go into the slums with Pamoja Trust at 7:30 in the morning while Brian visited HealthStore. The night before had been almost completely white – no sleep at all. Rather, I watched BBC almost every hour, mesmerized by the demonstrations and torching of Danish embassies. A representative from a public policy think tank characterized it as the clash of civilizations. I don't see it that way. It is a shock of anger from fundamentalists toward a symbol, a purging of rage. The cartoons were insulting, crass – there is no denial. A peaceful demonstration of hurt and confusion around how inappropriate those cartoons were to followers of Islam could have been the powerful beginnings of real dialogue around freedom of speech under different social constructs. Instead, we have even stronger caricatures than before, prejudices solidified, theories of warring civilizations corroborated. This is a cycle that needs to be broken.

Morning comes too early. I'd finally fallen asleep when the phone rang at 6:00, but wanted to see the dawn. Though the roads are more crowded than I remember, the feeling in the air is the same. And there is nothing like the East African sky. Fields of tiny clouds like little marshmallow puffs float in colors of soft violet, shy pinks and the palest of blues. I could forget myself in that sky if not on the ground beneath me.

Seven-thirty comes and goes. At 8:00, I call my host – a man named Joseph about whom I know little. He says they are coming and will meet me at around 8:30 as if that had been the time we'd planned. I go to breakfast, talk to Brian, return to the lobby and wait until 9:00. Nothing. So I call again. "We're stuck in traffic but will be there soon." Brian leaves with Liza Kimbo to see HealthStore's work. Finally, closer to 9:30 or so, the people of Pamoja Trust arrive. There had been some confusion, they couldn't meet in the morning, could we change to maybe the afternoon?

The day isn't going well.

We shift plans, agree to meet at 3:00. I call the Rockefeller Foundation, try making plans to meet but everyone is out. I answer some e-mails and then make my way into town just in case someone is free. No success. Finally, Liza calls and suggests we meet back at the hotel. I find a taxi. Eighties music is blasting, the sun is hot and I feel like I am back in my old life here. The stores along Standard Street are almost exactly as

they used to be. Tazama – the studio that sold Robin Anderson prints – modern batiks of African life – are all still there; as is Gallery Watatu, random hardware stores, the New Stanley Hotel, which still has a great bookstore...Up Mwindi Mbingu Street past City Market. I imagine the smell of fresh meat in heat, an odor that makes me nauseated just thinking about it. Fresh flowers bloom at the entrance, and boys hang around in the same places they used to stand but now a lot of them talk on cell phones. Nothing and everything changes.

I speak to the taxi driver. "Are you feeling optimistic or pessimistic about Kenya?" I ask. "Both," he says. "I am feeling happy that there is less corruption now, that violence has been reduced – we hardly have any carjackings anymore. City services are much better. Did you notice how much cleaner it is now?"

"And what makes you feel pessimistic?" I ask. "There are still no jobs, Kenya is still corrupt – and the same guys replace the old guys, that's how it is – a waste in government. Africa needs to develop more quickly."

We are at a standstill. Nothing is moving. We creep along at a pace much slower than a walk, and I begin to feel the heat. I want to write down what he is saying – and to remember how he chooses his words. I find a red pen, pull off the cap and a stream of ink flies across me in an arc, splatters on the window and falls across my pink skirt. It looks as if I've been slashed. I have no tissues, so I try wiping the mess with notebook paper, which makes everything worse. I run out to get napkins – it doesn't matter, we are moving so slowly. The windows wipe fairly clean but there is little hope for the skirt now covered in red splotches.

It takes 45 minutes to get back to the hotel. Forty-five minutes to cover ground that used to take no more than five or six. The streets are clogged with vans, trucks, second-hand cars. How the city will cope with the growing pressures is a critical question, for it must be close to a breaking point. We stand at one roundabout for at least ten minutes. The taxi driver asks me to look and see if there is a policeman directing traffic. I lean out the window and tell him that there is. "Good," he says. "You see, the police, they like to make it look like they are helping to make the traffic more efficient but they always slow it down. It is just like that here."

A good poolside lunch with Liza and Brian. We talk about the challenges of expanding a franchise model in any business, but especially in health care, where the entrepreneurs also have to have a health background. Each entrepreneur puts money down to start a franchise and then borrows more from HealthStore. They typically borrow – usually from a microcredit organization that has been partnering with HealthStores – to purchase their inventory.

In the past year, a number of the entrepreneurs found themselves paying the microcredit organization but holding back on payments to HealthStore. They saw HealthStore as "the good guy," the do-gooder organization that was trying to bring health to poor people. They assumed the organization would be easy on them as they were the ones bringing good to the poor. So not all of them made their payments. Indeed, determining when and how to cut off and/or shut down franchisees is a struggle when finding the right talent is an issue in the first place. Last year, Liza did close down a number of flailing stores, and other franchisees noticed. This year, she's hoping things will be easier.

There is a fundamental shift that needs to occur around building truly effective delivery of critical goods and services to the poor. It comes down to creating leaders at all levels of societies with hard heads and soft hearts. They must have the moral imagination to listen to what people with limited resources – and unlimited problems – are saying around constraints as well as aspirations. They must also have the financial understanding – and discipline to make tough decisions in the name of the greater good which is embedded in building strong institutions that can sustain themselves and endure. Liza is one such leader.

Justice is more difficult than generosity. We learn this over and over, yet in the highly distorted markets of the poor, it is still all too easy to veer only toward the charitable, to have low – or no – expectations for low-income people. This does nothing but reaffirm prejudices on all sides. Someone once said to me that the poor actually have to be smarter than the rich because they have to survive every single day without the luxury of being connected to schools and jobs.

At the same time, too many refusals and denials and cutting people out make for stone hearts. There need to be exceptions to the rules. This is why we create safety nets. The problem is that either those safety nets don't exist in societies or they've become so full of holes that we're frequently in positions of starting over and reinventing what good societies look like. At Acumen Fund, we're doing this a step at a time; it is the only path forward. Small steps, John Gardner would say.

The question is how to balance the spiritual quest of caring for the most vulnerable among us while avoiding the indignity of creating unnecessary dependency. It is a fine balance, maybe the question at the center for how our generation needs to organize itself to maximize the potential of all human beings.

This is something that has never been done in history. We have enough money – maybe even enough in the development coffers if it were used to catalyze monies from the capital markets. Critical to change is how we invest the money, how we identify and use smart subsidies to include the needy and let the markets work where they can do so most effectively.

The HealthStore model is still entirely dependent on grants to function at country level, though 80% of individual stores have operating margins of 20% or more. The organization is serving more than 350,000 rural individuals who would otherwise have little access to effective health services. Liza aims to focus on financial sustainability in the long term. Currently, she targets her energy on maximizing the number of clinics that can cover their own costs. We understand this, and are committed to remaining partners even if we don't extend additional country-level funding until HealthStore is ready to begin leveraging its grant funding with loans.

We will consider placing a fellow with the organization to begin to get a better handle on metrics to measure the actual costs of delivery and to consider more robust business models, including the right product mix to serve the local community and draw additional foot traffic. Ideally, we will help Liza tell a story about actual delivery costs under a franchise model versus those under current public health systems. If we are serious about blueprints and serious about health, then identifying the most effective ways to do this is an important start.

Our hosts from Pamoja Trust come right at 3:00, as promised. Pamoja is a nonprofit housing advocacy group that works with coalitions of community organizations that organize residents in large savings and loans programs to create access and, ultimately, title to secure housing and land. Jane Weru, a human rights lawyer turned housing advocate, arrives wearing a bright orange silk shirt and a deep green shawl with a turquoise necklace around her neck. I like people who aren't afraid of color. Her elegant beauty is paired with a straightforward manner that puts me immediately at ease. With her is an improbably tall man named Joseph whose role I can't discern, and finally, a short woman named Anna who will be showing us her new home. We climb into a four-wheel drive vehicle – Brian and the driver named Bob up front, and the other four cozy in the next seat.



I turn to Joseph and ask what he does with Pamoja. "I sell second-hand clothing in Toi Market," he tells me. Toi Market is one of the largest informal markets in Nairobi, located in Kibera, one of the city's infamous slums. I remember in the mid-eighties a program to legalize the hawkers who were selling goods on the streets. They were supposed to be given licenses, but for the most part this never happened. I ask Joseph whatever happened to all of the hawkers, and he seems to take slight offense that I might consider him to be one of them. "I am a trader, not a hawker," he tells me. "I have a legal stall in the marketplace." I got it.

Toi Market. It is where the "Jua Kali" workers can be found even now. Jua Kali (meaning "hot sun" in Swahili) was a program for people who worked outside to make sandals out of abandoned rubber tires, craft wasted metal into tools, repair small mechanical items. There are now 2,500 stalls for 5,000 traders representing 42 different categories. Women sell fresh vegetables, dried foodstuffs, baskets and sundries. The second-hand clothing traders are among the biggest businesses. Joseph had lived in Kibera since he was three and sold in the market since he was a boy. I don't understand exactly why he is with us, but assume he also helped organize communities for housing. Little do I know...

The car drives to the outskirts of the city center, and we come upon what used to be a squatter settlement. For three years, Pamoja Trust fought with the Nairobi City Council to secure a little more than an acre of land on which they would resettle some 200 families. (I find it fascinating that such land battles often take three years to resolve – witness the experience of Tasneem Siddiqui, our housing investee in Pakistan.) Once they received title, they transferred it to a community with which they'd been working to save and invest together for five years.

The area is more open than the older, crowded slums of Nairobi. Dirt roads are flanked not by cardboard shacks but three-floor homes made of concrete. Roadside fruit stands stand randomly along the road. Children are everywhere walking, playing. On the step outside one house are several plants and a few pairs of shoes, left while the family is inside. There is a sense of home, of neighborhood.

Anna proudly takes us to her three-story "starter home." We walk through the front door into a small room which is maybe 8 by 10 feet. The cream-colored room is divided in two by a sheer white curtain. In the front half, four chairs stand crowded around a small table, leaving little leg or walking room. Behind the curtain sits the family bed. To the left is a tiny kitchen with a basin and shelf in front of a small window, but no stove. Some pots and three kerosene lamps complete the living space where the family of four stays.

The next floor houses only a toilet behind a turquoise metal door; otherwise, the concrete platform stands waiting for walls to be erected. Same with the final floor where the water tank stands – a 55 liter black plastic barrel that captures the rain and then pipes it downstairs – an incredible luxury in a place where clean water is scarce and expensive.



Anna has put 10% of 110,000 shillings down – or about \$150; this was matched with savings from the community. The rest is borrowed from the AMT Trust, a community revolving fund created with grant monies and managed in conjunction with Pamoja. Tenants pay 12 percent interest – or 1 percent a month. Once Anna has saved additional money and created a sound track record of payments, she can add the two additional floors for another Ksh70,000 or about \$1,000 (again, by putting down 10% or \$100, matching funds with community savings and then borrowing the additional \$800).

I stand with Anna, Jane, Joseph, Brian and Peter Chege, the community's official leader for its first five years, outside where the second floor will be. Anna is rightfully proud of what she has accomplished and is focused on earning more to improve the first home she has ever owned. Peter is even prouder of how his community has changed itself.

At first glance, you might not guess Peter was a leader. He wears a faded Blue Angels baseball cap, a light blue shirt, navy pants and sneaker. His frame is slight. But this guy has done the nearly impossible task of motivating 200 families to save a little bit of money every day. He worked with Pamoja to fight the City Council for their rights and then created a process whereby the first thirty-four families would

have access to homes although everyone was still expected to pay consistently. He has managed community infighting, entrenched city bureaucracy, fear and the unknown, all in the bigger context of poverty – working with poor people with few resources who are used to having the game changed on them without their interests in mind. Peter Chege should live in every community.

He heard about the savings idea more than five years ago and introduced it to the community, knowing that most people are day laborers who cannot depend on a consistent amount of savings. "In these kinds of areas," he says, "people might earn 150 or 300 shillings a day (\$2-4) but they might get work three days in a week. So we ask each person to save whatever they could on a daily basis." It didn't matter how much – still doesn't. The average savings per family is 10 shillings a day (15 cents) and the entire community of 200 families saves about 16,000 shillings per week (\$220). "It adds up over time," he says. After a moment, he adds, "But it is not easy."

The community members take turns collecting. Each Sunday, the group meets and three members are chosen to serve as collectors for the week. "Every member should learn to collect money," Peter tells us. "It is through collecting that we find out so much about the community members – who is sick, who is in trouble or maybe if something happens to their children. The collectors learn about their neighbors, encourage them and everyone learns how much we are like each other and that we need to help each other too."

The community currently owns title to all 34 of the Phase I homes as well as title to the second phase of another 27 houses. Members are awarded deeds once their homes are completed. They are limited to sell

their homes to family members or someone from their village (and this, only if the community approves). The system is not unlike New York City co-ops. Similarly, organizing security and clean-up – two major concerns for the new homeowners – is also a community function, and Peter has focused on covering costs for this with community funding.

Getting people to understand they have to repay the Trust takes time, encouragement and, Peter adds, may also take moving one or two families who are not paying to smaller, more affordable houses. “This is a community used to government grants and charities that give you what they want when they want. Now the community is doing things itself and they must pay.”

I ask Anna what she pays for water each month. She says she has not paid anything yet because the water tank is only a few months old. Joseph jumps in for the first time. He says she would probably pay about 425 shillings a month – much less than paying for the jerricans each day. “What if you don’t pay?” I ask Anna. “Will the city council cut off your water?” No, she says. “They will do nothing”

Joseph is agitated. He explains that where he lives in Kibera, the only way to ensure the water stays on is to go to the meter yourself each month, determine how much you owe the city and take the money yourself to pay and get a receipt. Otherwise, the city will send a water guy after five or six months and you will get a bill you can never afford. And then you might lose water completely. The same will happen here, he tells Anna.

We ask Peter what his biggest headaches are: bureaucracy in general and what it means to build community. “Everyone has their own ideas,” he says, “and you have to try to keep everyone going in the same direction. It is not easy. The government process for issuing deeds is tedious. Getting the Trust to lend is not easy. Building a fair system to determine who gets access to loans first has been hard (though we give to the people who show up most so it is clear).” Keeping all accounts straight also has been an issue – this comes up over and over in the community operations we know and would be a good job for Acumen Fund fellows. The young people, however, would have to go with the sensitivity to understand how much is tied up in the power of data and information.

When I first moved to Kenya, I helped a microfinance organization organize all of its accounts. For two or three weeks, I worked daily past midnight and laid out the entire bank portfolio by hand on the green account ledgers of old. Through the exercise, I was excited to learn that 60 percent of the portfolio was in arrears, and at least 20 percent was non-performing and should have been written off. I thought my insights would be a catalyst for change – we could learn so much, fix things, make life better for the women who lived in the slums. But I didn’t include enough people in the process and just presented it so that the leaders of the organization felt embarrassed and suddenly vulnerable. Instead of thanking me, they burned the ledger – threw it away. I was crushed but learned an important lesson. It took years before the organization’s main foundation realized what a losing proposition the lending scheme was – a lot of time wasted instead of building an institution that really mattered. The same patterns will repeat themselves if we don’t create partnerships with both brains and sensitivity.

What makes this case different – better – is that we’re talking about the community’s own money and its own dreams. Peter is already asking for help and knows the only way that help will work is if he is part of the process. This is the only way to sustained change – local initiative and real partnership. It is exciting to see this community rebuilding itself brick by brick.

Brick by brick. The world is seeking silver bullets, quick solutions to end poverty now. But people like Peter and Anna aren’t waiting. Those 200 families are saving tiny amounts of money every day to solve their own problems. The process is complex, messy and time consuming, and steps are taken backward almost as often as forward. Community is being built, leadership fostered and people are making their own decisions. These are the kinds of groups with which organizations focused on change should partner by investing capital to leverage the sweat equity and investment the community already has amassed. Acumen Fund must see patterns, understand what is best replicated and whether we can add efficiencies to the system; and then help scale it to other places in Africa and around the world. Seeing Pamoja, and comparing lessons with what Tasneem Siddiqui has been doing for 30 years in Pakistan and Sheela Patel’s work in Bombay, allows for this kind of knowledge and expertise to be built.

Time is short. We still have to go the land. “What land?” we ask Jane. “Joseph’s,” she responds. I turn to him. “You don’t work with Pamoja?” I ask. His face doesn’t hide a slight frustration with me. “I already told you,”

he says. "I am a trader. I sell second-hand clothing in Toi Market. Now I am organizing the other traders to buy land and then build a new community where we will live." For hours, this tall and quiet man had stayed with us, saying little but listening to everything. I feel embarrassed for having missed the picture, perplexed about what we are actually doing now.

Joseph speaks with plain words in even tones. He also had been intrigued with the idea of savings societies, and started one about the same time that Peter did – sometime in 2001. The 5,000 traders initially pooled about 50,000 shillings – or \$700 total. By 2002, the association had enough to make its first small loans (Ksh1,500 or \$20 on average) provided they repay over a 12-month period at 1% interest per month. Over time, savings increased. So did loan size – first, to Ksh3,000 (\$42) and then Ksh4,500 (\$65). Now, many traders borrow upwards of \$200 at a clip. The total capital circulating today from the traders' savings exceeds Ksh5 million (\$71,000) – no small feat for one of the poorest urban communities on the planet.

The community has little interest in working with micro-finance organizations. "They come in," he says, "and want to give us rules, charge too-high interest. It is better for them if we take long to repay. But we don't like debt. We can sustain ourselves now....or at least for small-small businesses."

About a year ago, the city threatened to shut down the market as it lacked a public toilet. Joseph organized the traders to pool funds again. They used the money to borrow more, build a toilet, and then hired someone to operate it so that the toilet is paying for itself. The loan is up-to-date, and the market has a safe and clean public bathroom. Small steps.

The next idea was housing. The overwhelming number of Toi Market traders live in the slums of Nairobi, often in little more than cardboard and mud shacks with no legal title, and neither water nor electricity. Though most children go to school, the quality is low; some classes contain 70 or 80 children with a single teacher and no books. Joseph has a nine-month-old daughter. He wants her to grow up in a better place.

So he urged more savings and then found the land – 80 acres at a price of Ksh8.8 million, about \$125,000. He raised Ksh1.8 million from the traders themselves and the community borrowed the additional Ksh7 million. Title to the land was awarded last November, and payments began immediately. Joseph is convinced that they should and will repay this loan in the next year. "I hate debt," he says again. "Fearing the traders will not pay on time is what makes me stay awake at night."

We drive. For twenty minutes, thirty minutes, almost an hour we drive, down a lonely road into the middle of nowhere. All we see are random churches and signs for Evangelical Christian meetings. Brian is capturing all of the data on distance and geography on his GPS. By the time we get to the big piece of land in The Middle of Nowhere, an hour has passed and we have driven almost 40 miles.

"Do you think traders will pay Ksh2,000 a week to take transport each day and drive an hour back and forth to Toi Market?" we ask. "Probably not," Joseph replies. He thinks for a minute. "More likely, the traders will send their wives and children to live in the community for better lives. The men will commute on weekends."



We finally reach the land. Eighty acres of hardscrabble land for hardscrabble traders in a place on the far side of the moon. I breathe in deeply. "Let's go and look," Joseph says.

Joseph is a giant of a man and has the vision, courage and dignity to match. He must stand six-and-a-half feet tall with an exceptionally kind face and a pair of the most magnificent hands I have ever seen. When he talks, he holds his hands as if he were extending an offering. This habit of his further underscores his humility. I watch him walking around the barren land with a single thorn tree as far as I can see and try imagining his vision. "In a few years, there will be 500 homes here," he says. "It will be a good community." Five hundred families – more than 3,000 individuals living in their own homes in a place providing education, safety, and clean air, fresh air.

"How did you convince so many people to put their money down for land so far away?" I ask. "People want change," he answers. "They want something better."

Joseph doesn't want to think too much about houses right now. First, he has to see the debt paid off. "I cannot fail," he says, "and it scares me. I am thinking of adding more traders to the mix because some of those first 500, they will not pay. I have to make sure we have enough people to repay this loan. Then maybe 100 will start with houses – or even 50 but that will be enough at the beginning. People are scared. They want to know who is doing it before they can do it too. But I know they will. And you know, they are counting on me."

At age 29, Joseph carries the wisdom reserved for men twice his age. He is the fourth of five children, still close to his parents. He tells us he wants to be proud of his life and do something for other people. I tell him he will soon be pulled into politics if he isn't careful. He laughs. "People have tried to convince me," he says, "but I'm too busy getting things done." This leads to a long conversation about why our brightest and best want nothing to do with politics. Maybe we will see a different kind of leadership force altogether, one that is anchored in private initiative – like that of Joseph and the partners of Acumen Fund as well. The question is how to link leaders together, how to support people like Joseph who need a peer group so that they can show fears as well as successes.

Currently, the loan for the land is priced at 1% per month – the Pamoja model. It seems the different levels of capital could be aggregated differently for better leverage. Currently, savings accounts for 20% of the total needed; and the other 80% comes from grant capital, which is fine for start-up but won't allow scale by replicating this model at a national level. We describe Acumen Fund's model of using our charitable capital to enhance commercial bank loans rather than lend directly. It is important for banks to get used to lending to communities that have been excluded for too long, we explain.

Joseph is intrigued but worried that the commercial banks would charge the current market rate – 16% (given the risks, my own thought was they might charge even more). This is where metrics come in. Given the public benefits of moving people out of slums and into better communities – especially on barren land like this – you would think government would provide some kind of tax break or preferential mortgage rate. If the banks were provided an incentive to charge lower interest, Acumen Fund and other organizations could provide partial guarantees to banks to mitigate their highest risk. This would leverage community assets, charitable funds and commercial bank capital to create a more financially sustainable – and scalable – approach to low-cost housing.

I also start thinking about land banks. I know people now who have bought huge swaths of land in Kenya and Tanzania – hundreds of thousands of acres to create high-end eco-tourist hotels and parks or for conservation. My reaction is a mixed bag of logic and emotion. At the same time, I wonder whether the model of land banks might be used not only for land itself but for people.

There is an argument that the eighty acres purchased by Joseph and friends is repurposed land that could be used for much higher levels of productivity. If it had mixed use zoning, then I wonder whether it could receive carbon credits for contributing to the environment – and this could lower the cost of homes and sustainable energy sources. A land bank could also protect the overall prices of land for the poor, especially in peri-urban and suburban areas. We would need to be creative in structuring it but there are a number of principles at play that bode well for bold policies.

Spending the day with Joseph, listening to him share his vision, his challenges and his fears was an enormous privilege. I was asked to think about whether and how Africa has changed. There have always been men and women like Joseph in Africa, but there is a quiet movement of people taking matters into their own hands, innovating, creating new structures that are neither naïve nor cynical but based in the reality of poverty and – more important – the reality of what it means to be a consumer with limited resources.

We had dinner with Antony Bugg-Levine of TechnoServe. Like so many friends at TechnoServe, he was generous with his time and perspectives. We ate outside at an amazing Lebanese restaurant in Westlands by an open fire. The talk roamed from African politics to the continent's interaction with the West to how organizations like TechnoServe and Acumen Fund can find ways to partner effectively. It is a good question and a conversation that will continue.

Wednesday, February 8  
Nairobi and the Rift Valley, Kenya

Early morning run again and a 7:30 pick-up. Patrick Henfrey, a Kenyan-born Brit who spent his life working all over Africa, ten years of it with the IFC, is waiting for us in the hotel lobby. He wears his hair smoothed back, a shirt and tie, carries a briefcase and has a newspaper tucked beneath his arm – not my idea of a farmer exactly but I am excited to learn about the work he is doing. Patrick and five friends who have worked for more than a decade together in one form or another started an artemisinin production and processing company five years ago. In that time, they've become one of Africa's largest producers, though total world production is very low. We are coming to look at the company's operations, meet the leaders, consider whether to take next steps in terms of investing.

We drive to a house near Limuru Road on the way to the Rift Valley and meet other members of the team. Owen, the company's technical director, is of Swiss heritage and was born in Tanzania. He, too, has worked all over Africa. Barney, the farmer with the most experience (although I was to learn that Patrick also has many years of farming experience) is a white Kenyan who was educated in the UK and worked in Sudan, Tanzania, Nigeria – all over. He made a name for himself growing "aromatic roses and distilling them" – a wonderful image. All three men not only know the tough and unforgiving business of agriculture, but they love it, love Africa, and are committed to making this grand enterprise of theirs work.

Artemisinin has become popular in the world of malaria control. Malaria is increasingly resistant to the current generation of low-cost cures, and artemisinin is safe, effective and relatively affordable. It has been embraced by WHO and the Global Fund, who have together estimated a need to increase current world production from about 20 tons to 280 tons per year. But overall production – less than 10 percent of needs – is woefully inadequate.

What is needed is to get raw material out of the ground and processed. The company is ahead of the curve, having been working with the crop for a decade. These men understand farming. They have survived the fresh flower rage and the French beans that were the story of the eighties. They understand the risks of agricultural investment, and still they have bet their retirement on this project. They've been working 100 hours a week for years now to make this work; and are focusing on scaling this while mitigating the three big risks they face: climatic changes, pricing fluctuation and the risks inherent in operations. Building raw material supply quickly is their main concern.



Mitigating production risks requires a combination of finding the right areas for farming (they are working in Kenya, Tanzania and Uganda), and working with different sized farms with a premium placed on controlled, irrigated production that they themselves own and manage. The company also works with about 3,000 small farmers indirectly, providing those farmers with a real opportunity to improve income.

The planting to harvest period is typically six months. The company is trying to move farmers toward a more continuous approach that allows staggered harvesting and regrowth – which means greater income for farmers and more regular supply to the company. I imagine the stalks getting regular haircuts to provide the most intense parts of the artemisinin to the farmers.

I'm impressed that this group of friends is thinking not only about their own production but the social benefits of extending their skills – and purchase orders – to small farmers. The social metrics associated with an operation like this, then, would extend beyond the production of the drug, which itself can save untold numbers of lives. It would create needed jobs and raise incomes at the household level. This change in economic situation would do as much for farmers as just about anything else you could do.

We split into two vehicles and start driving toward the Rift Valley, the great and awesome valley that runs through the center of Kenya and as far north as Ethiopia. The valley is vast, enormous – matched only by

the unending blue sky above. Along the road, men sell sheepskin rugs and hats, baskets and vegetables too. There has been a drought in Kenya and so the colors of the world are reduced to shades of brown topped with an impossible blue. You can see clearly where large farms are irrigated – they are the only green for miles.

We talk about IDE India and its drip irrigation product. Not only could this be perfect to sell to their small farmers, but the company might think about giving away the family nutrition systems at minimal cost to have significant impact on the people on whom they depend. It might also provide a solid way to gain trust and provide much-needed training around a crop as complex as artemisinin. Over time, the smallholders could generate the bulk of production, but start-up costs are high and the company currently absorbs all of them.

We need a solution. We need to talk to Amitabha (the entrepreneur behind IDE India).

We drive behind a large, open truck carrying 55-liter black water tanks – another product that can be sold to the poor to help them solve problems while creating a financially sustainable company. Those who will win in Africa will be the people – all people – who recognize the poor as consumers and make critical goods and services that meet their needs and desires accordingly.

We start talking about Africa in general, and I share how excited I was to meet Joseph and see the dream he has for the traders of Kibera. How to support such a hero? I ask. Barney shakes his head. "In Africa," he says, "the problem is two things happen too often to people like Joseph." The world either stomps out the leadership and confidence, or else they lionize it and make the person a caricature, not a real person. Only in some cases does he believe that a small part of the world might actually strengthen and enhance extraordinary leaders like Joseph. This is something we need to change. At the end of the day, this is a people business, pure and simple.

We meet some of the extension workers. Like the owners of the company, these guys are hardcore farming types with respect for the land and for the farmers as well. One guy – I think he's Dutch – has driven down from Kampala and his sandy blonde hair is covered with dust and dirt but he pays no mind to it. He loves showing us the crops that are taller than he is. We taste the leaves that taste like Indian spice. We wander into the fields where one could easily lose a dog or a rabbit through the thick leaves. The thickness and height of green foliage seem to go on forever – the feeling could not be more exciting. In a world where pushing paper is the endgame for too many people, putting seeds into the earth and watching healing crops grow must be an extraordinary payoff.

The sun is hot and relentless. We stop quickly at a gas-stop for sodas (always Fantas or Cokes), order some samosas to go and begin the drive back to Nairobi. We drive to the new factory where the company has broken ground and is building in the city's export zone. A pale green set of buildings is rising from the ground slowly. A few machines sit on the ground and workers seem to be everywhere. This is the place where the company will take the leaves, crush them, process them and turn them into crystal before selling it to a major pharmaceutical company with which it is already under contract. The world's goal is a \$1 treatment, which could have enormous impact on a continent that loses an estimated \$12 billion in productivity to malaria each year.

The evening ends in Nairobi like too many of our days – in the airport. When the plane takes off, the sun is still in the sky though its light is softer now. For as far as I can see outside the window, the earth is a palette of grays and browns. The drought has parched Kenya, and the dry heat burns both the skin and the eyes. One of the guys today told us that he saw wild animals all along the roadside from Kampala to Nairobi. The animals were on their last legs looking for any runoff from roads, from wherever they could get it. From this bird's-eye view now, my own throat feels parched, sorry for the land and all those who depend on it. We fly past Kilimanjaro and, again, I feel pained looking at that great mountain now stripped of the magical blanket of snow that was such a part of it for so many years.

### Arusha, Tanzania

Long day....I am sitting in my room in the Kibo Palace Hotel, a new hotel that opened just two weeks ago. There is a "rolling air conditioner" in the corner, a small plastic contraption spitting out tepid air. An African band is blasting a horrendous version of "Let it Be" from the poolside below though it is 11:00 pm.

Brian and I arrived three hours previously, exhausted but happy to be in Arusha, where the air feels sweet and the temperature is perfect. We'd been told that the New Arusha Hotel, one of my favorites on earth for the sheer hospitality and graciousness of its staff, was booked. We thought we had no choice but to try the new fancy hotel down the street. The atrium is indeed impressive, rising four floors to a beautiful skylight. Three sweet women stand behind the reception desks, all wearing bright white smiles and some kind of ethnic garb. The leader is aptly named Happy. She takes our information and then tells us without losing her smile that the hotel cannot accept credit cards.

Would we please pay cash? Ok, we say, no problem.

Is there wireless in the room? I ask. "No," she says. "But no worries: there is a cable connection. We have to get the IT person but no worries. He will come."

We smile, understanding the hotel is just getting started. A lively bellhop named Obed jumps to help carry our bags to the second floor, where we'd be staying for three nights. He takes us to our respective rooms, letting us both know about the mini air-conditioner in the corner, the fact that there is no health club (yet). "I am here for your service," he cheerily tells us.

With no Internet, we decide to go downstairs for dinner, but are stopped by Happy who asks us to switch rooms to get Internet access. We wait five minutes for new keys to be made and then Obed helps us shift to the third floor. Finally, we go to the bar. We are given full menus but told we can only order on the loose sheet inside which contains a hodgepodge of selections – pumpkin soup with cinnamon, pork cutlets, penne

arrabiata. Brian orders the pasta, and I can find nothing that suits my fancy among the seven choices. I ask if the cook might simply prepare some vegetables for me and maybe she could bring some bread or chapattis as well.

We discuss this request for several minutes and then I leave it in the server's hands. Twenty or so minutes later, I receive a salad plate with a lump of buttery vegetables on which was placed six triangles of toasted white bread: vegetables and bread. You get what you ask for in life.

We return to the reception for our Internet cords – which don't work. The band is playing for their lives. The TV isn't working. I try calling Brian but the phone is silent. Finally, I get the reception desk and ask to call the other hotel, but outside calls are impossible. I urge Happy to try again and finally, I speak to the New Arusha and beg for two rooms – and they wonderfully comply.

We pack our bags, say good-bye to Happy and Obed who are sad but gracious. We explain that we'll be back once the hotel is ready to receive guests. Finally, we arrive at the New Arusha Hotel as just about the happiest two guests they'd seen in a while....home....under rooftops in faraway places.



Thursday, February 9  
Arusha, Tanzania

I sleep soundly for the first night of this trip and am awoken by a cacophony of birds – Africa's morning herald. I remember first arriving from New York, shocked by the noise in Kenya that started far before the sun had risen – I would imagine the living and loving and feeding and dancing of all things living outside my window – much to the amusement of Kenyan friends who couldn't imagine noisier places than the Big Apple.

My morning run grounds me as I pass people starting their days on dirt roads beside flowering bushes. The morning air is the kind you want to gulp. A boy on his way to middle school drives slowly on a one-speed Chinese bike, leaning on arms crossed over the handlebars. He looks like he is dreaming. He wears long gray pants and a gray sweater over a white collared shirt. Suddenly, two boys the same age wearing the same uniform blast by me from behind. One jumps on the back of the bike and the other, in front. The three boys say nothing but the cyclist picks up the pace and on they go.

### A to Z Update

Since 2003, with our first loan of \$325,000, A to Z has increased annual net production from 180,000 in 2004 to more than three million today. By year's end, A to Z expects to have moved its machines to a new factory and increased production to 7.2 million nets per year. That is a big deal and a great investment for Acumen Fund both in financial and social terms. The company has employed an additional 1,500 people, mostly women, and expects to increase this by a further 1,800 by year-end. Ultimately, A to Z sees itself moving to 20 million per year, though the company is very aware that it cannot depend entirely on public sector demand.

Given its long-term vulnerability due to this over-dependence, A to Z and Acumen Fund determined to build private sector demand for the nets with an emphasis of creating markets for the poor. We made another loan to A to Z and provided \$200,000 for "smart subsidies" to provide nets at \$3 rather than the market price of \$6. Would people pay for them? Could we use the women employees themselves to sell them and increase their incomes at the same time? This was the grand experiment – it still is.

We meet Anuj and his nephew Binesh at the now familiar A to Z factory. We walk past the demonstration room and up the stairs past the portrait of Anuj's father, who started the company in the 1960s and died a few years ago, and into the well-furnished board room on the second floor. The new marketing director, Divyesh, lays out the four private sales channels for us:

**Door-to-door sales.** Door-to-door sales started in November with eleven women from the manufacturing plant. The program got off to a rocky start, as is often the case. Three of the women absconded with seventeen nets in December, but the women had to leave behind a minimum of two guarantors each, all of whom had to sign agreements that they would cover the costs of nets at full price. These six people still working at the factory now have a whopping bill of \$98 – or \$16 per person (about a week's salary).

We agree that in a way, the problems at the beginning were a good thing. It reminded me of when I started the bakery in Rwanda. The women stole nearly a third of the goods in our first week. It was only after I became tough and demonstrated my own seriousness in creating – and carrying through – on high expectations that we began to work together. Africa has seen so many do-gooders spend money in silly ways that it is understandable that people used to this system would test how they could take advantage of it. Once they see the level of seriousness and opportunity, things begin to change. We learn this over and over.

The eight remaining women have sold 1,724 nets in three months – or 215 nets per woman. All sales to date have been made on a cash basis. The women today have increased their sales to six nets per day – or about 150 per month. They get paid a small commission per net once they've hit a daily minimum of four nets. They currently earn about \$75 a month – well above the national average wage (\$40). To put their income levels further into context, 85% of Tanzanians currently earn less than a dollar a day.

One woman – Margaret – has sold 20% of all nets. Anuj says she's more dynamic than the others and is bent on proving herself. He's already thinking about how to put her in more of a leadership position, whereby she trains other women to sell and then might get commissions based on group sales.

The women are selling the nets at a \$3 price point, which includes a \$3 subsidy. The nets are easily identifiable because A to Z has created them with a striped design in light blue and white. It is a wonderful moment seeing the women sewing our nets, our nets. Somehow it was the first time the import of the experiment really hit me inside and not just intellectually. This is the process of creation: you start by imagining something together – we talked about a Tupperware-like distribution model a year and a half ago. You do a lot of work – in this case, we learned what it takes to build a real relationship across culture and geography. And then you let the work teach you.

Suddenly, finally, what you dreamed about becomes real. For me, seeing these nets, which are the most beautiful I've ever seen, is that moment. Truly.



A to Z intends to increase the number of saleswomen to 50 this month with a projected sales rate of at least 12 a day to reach a total sales rate of 15,000 per month. The question is how to double sales again. Because door-to-door sales are slow, A to Z recently authorized the women to sell at shops, marketplaces and churches. We brainstorm organizing nets days at government ministries and offices.

Next steps? Corporations will be approached to certify the number of workers earning less than \$80 a month. The corporations will then have the option of buying nets themselves and selling them on an income-deduction basis to employees, or they can work with A to Z to organize a "nets day" whereby a truck will deliver a large number of nets to the company on a day when people can purchasing make decisions themselves. "Nets days" will have to coincide with payday. Asking for cash still poses a constraint to people for whom \$3 is a big number, so it raises longer-term questions about partnering with micro-credit facilities operating in areas that are being targeted by A to Z.

The company also decided to open a factory shop (which we'll open together tomorrow) so that women can learn about the nets and buy them once they've saved enough money. Anuj shares the 5,000 brochures – hot off the press. These will be given to the 50 saleswomen to distribute so that they can start marketing.

All of this experimentation and high level of distribution is an expense to A to Z. In addition to time, it costs A to Z an additional subsidy of about 65 cents to create this private channel. The question for us is how to demonstrate the actual costs of distributing nets in comparison to public sector approaches. Our back of the envelope calculation shows that we can prove at the very least a 40% increase in efficiency – and therefore in the number of people served. When looking at millions of people, this 40% really counts.



**Factory Workers.** So far, the company has sold 1,565 nets through its factory workers. Each worker is allowed to buy two nets per family at the discounted rate. A to Z allows each worker to deduct the cost over a three-month period (a dollar a month). Since the company has about capped out on this program, it is going to open the program to workers to sell a greater number of nets and hopes to achieve 1,000 to 1,500 nets a month through the workers themselves, who will have the opportunity to earn small commissions in addition to their manufacturing wages.

**Corporations.** To date, total sales in this channel are 775 nets. Divyesh has visited 71 companies and discussed the program whereby they could sell nets to their workers. The overwhelming number of employees in these companies earn less than \$50 per

month. Initially, A to Z offered the nets at full price to the companies, but few have been interested. He's now gone back to another 10 or 15 companies with the subsidized price. The grand experiment continues...

How do we integrate the notion of social responsibility into the leaders of corporations throughout Tanzania and then throughout Africa? A to Z is now among the top seven employers in the country. By summertime, they will be one of the big three. What excites me is what a leader Anuj is becoming, not only in terms of a successful businessman but in terms of a global citizen whose influence can extend well beyond the company and the country.

One next step on which we agree is to organize a road trip for Anuj and myself where we can target the top ten CEOs employing Africans and try to convince them to purchase nets for their employees. On their part, A to Z will pull numbers on how absentee rates have dropped, etc. and Acumen Fund will find the data on companies working in Africa. We also will do the analysis on cost savings for companies that purchase nets for their employees.

**Schools and churches and anyplace else where people gather.** A to Z has been talking to regional education officers, targeting public schools with the intention of making presentations to all schoolchildren so that they can then educate their parents who would, in turn, purchase subsidized nets. The sales commission

could then be given to each school through provision of textbooks and other items. Churches are also being explored for distribution. A to Z planned to bring nets after services at Usharika wa Kisongo (Kisongo Lutheran Parish). The head of the church spoke to Anuj and told him to bring someone to services. Abede went with two of the women and gave a short talk. Of the 200 people at services, fifty people purchased nets after church – every net was sold.

This is a good story for Rick Warren (of *A Purpose-Driven Life* fame) and Jim Wallis (another Christian leader for social change). One of our health investees, BroadReach already works with big churches to distribute anti-retroviral drugs (ARVs). Our challenge will be to get churches and individuals to see the value of creating affordable prices rather than giving things away. Finding ways for people to make their own decisions is a powerful model for change.

Finally (at least for this week – the work continues to teach: Anuj and his team are still seeking new ways of creating private sector distribution opportunities), the team is looking at hospitals and clinics. A to Z has created an agreement with one hospital today where doctors are allowed and, indeed, encouraged, to prescribe nets to people earning less than \$80 monthly. Anuj proudly shows me the hospital's first order for 100 nets. It will pay A to Z \$3 for each net and then charge patients \$3 for each net purchased.

Lunch at one of the best Chinese restaurants I've visited. The conversation ranges from what partnership means to politics in Tanzania (good, for the most part although this drought is taking a toll on everyone in the country) to possibilities around alternative energy investments. The discussion on partnership is most enlightening – and fulfilling.

We've learned a lot from one another in these past four years of working together. We've grown to appreciate different styles, feel proud of all that has been accomplished and now understand what similar values we share. Most important, we've been changed by one another.

Because of our experience with A to Z, we have built Acumen Labs as a way of prototyping good ideas that may not be developed enough to suit Acumen Fund's core portfolio of investments. When we first discussed the possibility of a Tupperware-like program with A to Z, we should have done a quick prototype and could have made the decision to do so almost immediately, especially if A to Z and Acumen Fund had risked equal amounts financially. At a cost of \$50k from A to Z and \$50k from Acumen Fund, we could have learned quickly what worked and what didn't – or at least had a good idea of it. Instead, we negotiated for a year before we started with a large investment. Going forward, the notion of quick prototyping is one we will follow at Acumen Fund.

From Anuj's perspective, Acumen Fund has influenced A to Z's way of thinking around social responsibility and possibilities around seeing women workers as capable of doing things far beyond manufacturing. Margaret, the top saleswoman to date, attended A to Z's corporate sales and marketing meeting. She sat at lunch next to Anuj and so inspired him that he told me he wants to sit with every woman worker at some point to understand more of their reality and to hear their ideas about doing things better.

Anuj is also building apartments to house employees. For \$30 per month per employee, they will be given a good room with a television and small kitchen, three meals a day, access to healthcare and daycare for their children. Workers who earn \$50 or \$60 a month would thus have basic concerns covered and be able to save money and improve their lives. The majority of workers at A to Z are single mothers who are among the most vulnerable in society. Providing them with safe homes and a good environment not only will result in greater productivity but a healthier society.

We hope to see most social indicators improve. One of the biggest lessons I've learned through working with women in Africa is that economics matters. Period. You want to reduce HIV rates? Find good jobs for women. They will send their girls to school. They will not have to worry about paying a slumlord when they've got no money. They will be able to say no when they want and follow those things that make them want to say yes.

Back to the whiteboard to determine how we'll work together to strengthen the channels. In 2006, we're hoping to see the women sell 180,000 nets. The factory workers should sell 30,000. Local companies? 100,000. Anuj and I hope to get another 25,000 people covered through the multinationals. In this first year, we also hope to hit a target of at least 10,000 nets through churches and schools for a total of about 350,000 nets, or 700,000 people who will be covered through private channels – people making decisions to purchase things to protect their children's – and their own – lives.

At the same time, we need to raise a \$10 million smart subsidy fund. Ten million dollars to allow three million women to make choices to buy nets – that means six million lives protected against malaria and hundreds, if not thousands, of jobs created.

We drive to Kisongo, 18 kilometers from the factory, to participate in delivering about 100 nets to villagers who had paid for them the previous day through the local community leader. The village is dirt poor, sitting alongside the main roadway leading out of Arusha on the way to Ngorongoro Crater. It reminds me of so many little hamlets in Africa located on big roads but with little to offer the passersby. The community leader waits for us in a big yellow, empty hangar. I ask why the hanger and he responds that the government had put it there to store food stocks, but there is no food to be had with the drought so it is just being left empty right now.



A crowd of people waits expectantly for the bednets, which are wrapped in paper in the middle of the group. The leader gives a little presentation thanking A to Z who in turn thanks Acumen Fund for subsidizing the cost of the nets. Everyone claps and then I am asked to do the honors of handing out each net. The leaders call out names, and each buyer takes a net and shakes my hand.

I am at once mortified and also happy to see so many sales. The mortification comes from a severe dislike at being treated like the donor. Everyone in this setting had saved whatever they could for however long it took to put down \$3 in cash during one of the toughest droughts Tanzania has seen. They paid good money for the nets and any pride they feel should be their own. Not ours. At the same time, I understand Anuj's point: he wants people to understand the

real cost of the nets and the fact that someone is paying to make the nets affordable. We still need to rethink our relationships to the people who are making tough decisions to purchase goods that will save their lives and the lives of their children.

From there, we go to the site where A to Z is building a \$12 million manufacturing plant where three thousand workers will produce 7.2 million nets annually. There are plans for housing for two thousand, at least, as well as a large farm for growing an alternative energy crop. The traditional nets will be made in the original factory. This is a joint venture, and Anuj has committed to his partner, Sumitomo, that the plant will be running in August.

Standing on seventy acres of empty, dusty land under a wide-open sky, it is hard to see how everything will be functioning in six months. Six months. Workers are everywhere, and Anuj is running a 24-hour construction site. I don't know how many workers are there, but men are digging (Anuj proudly shows us the demarcation line as well as a large rain-water harvesting pool dug into the ground), everywhere digging. Huge trucks are bringing in supplies, and piles of cement in bags lie on the ground. Army tents stand in a line so that people can live on site. The area was electrified so that the work can continue through the dark nights. Because he's building on an industrial zone, Anuj is required to build a three-meter fence for security purposes.

Despite all this activity, however, my overwhelming sense is of empty land without trees or green. Dirt and dust and wind and sky. From all this will emerge one of the most productive workplaces in Africa. With the new production facilities in place, A to Z will be one of three largest companies in the country. Anuj, like Joseph from Kibera, is a man with a mission, although he has the resources, experience and connections to make this happen with much greater certainty despite all the risks involved. And he will.

In an area nearby the construction, about 100 cows sit in the only part of the ground that looks wet.

Anuj explains that he is doing his bit of “social responsibility” for the area. The cows, like people, are hungry and dying of thirst for there has been no rain at all for too long. For most people in the area, cattle are their only wealth. And so Anuj has created a place where the cows can spend the day and be given food and plenty of water. The tiny herders, all between six and eleven, it seems, play near the cows until it is time to take them home as the sun goes down. The boys are covered in dust and look a ragtag but happy bunch of kids with sticks to keep their cows in line. Anuj is a proud man as he shows us this contribution: Anuj’s Cow Hotel.



Friday, February 10  
Arusha, Tanzania

Early morning run despite the too-late night and the tiredness in my bones. As I run up the dirt road I can’t see Mt. Meru for she is shrouded in mist. Cat Stevens is asking where the children play, and girls with pleated skirts skimming their knees are walking toward me, two by two and arm in arm. I am lost in the morning, soothed by the flowers and the freshness of the air and the soft wind swirling round me. Slowly the sun seems to kiss away the mist and a soft light caresses the green trees stretched over the road. I don’t know what I would do without these quiet morning times.

Brian and I go to the city’s conference center to check it out for a potential TED conference here in Arusha. It will be held in June 2007 and focus on Africa: The Good News. We can’t think of a better place to hold it than in this emerging city in Africa. Although the conference center, which is state-owned, has more of a multilateral-agency feeling than a high-tech center, it may come to represent a moment to start showing that much of the good news in Africa will stem from private citizens and private companies and nonprofits coming together to bring the kind of change that only Africa, ultimately, can bring to itself. This is the hope.

Binesh and I visit a new program to sell the nets through the Regional and District Medical Offices. Already, the RMO (which oversees all government hospitals and clinics in the region) has purchased 100 nets from A to Z. If a patient earns less than TSh80k (\$60) per month, the doctor may prescribe a net at the \$3 rate. The patient will take this prescription to the Medication Store and pay cash. At the main hospital in town, we’re told that there are about 100 patients a day, 20 percent of whom have malaria. The head district officer is confident that patients will buy the nets quickly and hopes to make a second purchase order within a month.

At this point, the Secretary of the RMO joins us. Her name is Mary. Within minutes, I want to convince Binesh to hire her to work with women at A to Z on the private markets program, though I would feel too guilty to take a qualified health professional out of the system. Mary is dynamic, funny, a born saleswoman.

“Before we sell to patients,” she says, “I’d like to know if we may sell them to our 250 junior staff, all of whom make about TSh60k (\$50) per month. Even health workers make only TSh75k (\$62) per month.” Binesh agrees immediately that they fall within the target group and, more importantly, need to show leadership in this program. Mary tells us, by the way, that she’s already sold more than 50 to senior staff at full price.

“It is easy to sell these nets,” she says. “People don’t like the inconvenience of soaking the traditional nets. Now if you tell them the more you wash these, the stronger they become...Imagine! They will be willing...” She told us that the rainbow pattern was the prettiest and wondered when we would be giving those to sell. “And curtains,” she says, “People will want curtains because they make their homes better. And they still keep insects away. You must bring rainbow curtains.”

I tell her that people say that even urban dwellers would not pay \$6. “That’s wrong,” she says. “People can afford many things if you show them how. I am an expert because I know how these work now and they will continue for five years, so you see it is not too expensive if people have some income. And they can save.... and the purchase will mean they pay much less in medical fees. You just have to teach them.”

I ask Mary how many nets she could sell at full price if paid a small commission. She would have to do this outside her normal health work. She guesses she can sell at least a hundred per month. Then some patients could pay the \$3 and the poorest, they would get them for free. Both Mary and the RMO Director say they would be proud to be part of such a system. The question is whether health workers might be given an incentive to sell nets to patients, though the director of the RMO feels this would not be a good thing. Of course, there are many considerations, including ethical ones. However, there is reason to examine how best to improve the paltry income levels of health workers who are so desperately needed in this and all countries across the continent.

Later, I stop by a meeting of about 50 health workers who are receiving training and then a tour of the A to Z plant. They all love the idea of the program, given the importance of reducing malaria as a national priority. After the tour, the group buys almost 100 more nets for their personal use, all at full price. Though the numbers are still small, there does indeed seem to be some local demand at different price points for this critical health input.



In the afternoon, we meet with two of A to Z's saleswomen, Margaret and Rehaema. Both are wearing the uniforms of bright blue baseball caps and matching t-shirts over black skirts. Margaret, unmarried and 29 years old with three children and a solid work history at the plant, is the firm's top saleswoman of the Olysets. When asked why she is part of the program, she responds that she wants to help people make their lives better and likes selling nets at a good price.

Rehaema, 22 years old (though she looked 16), is also unmarried and has one child. She also likes the idea of helping people, but tells us that the drought has made it hard for people to have any extra money because everything they need, especially water, has gotten too expensive to buy. Too few can buy nets right now, she says. At the beginning of the conversation, neither woman

seems very enthusiastic about their prospects for income. I can't tell whether they are shy, tired, frustrated or maybe a bit of all three.

We ask about the process of selling, where they go, what they've learned. Typically, the women walk from household to household. One problem they face is that decision-makers are usually not home during the day. Second, it often takes someone a half hour to understand why the nets are different so first-time sales are difficult. The good news is that if they could sell a single net in an area, then they could come back in a day or two and everyone else would see the difference and want to buy a net too. So this is their strategy.

The women love the idea of spending some of their time at companies selling during lunchtime. We all agree that A to Z should set up official times to let employees know that the women will be there to demonstrate and sell the nets, much like Abede did with the church. I worry that if they are successful, they would be too vulnerable walking back to the factory with that much cash on their persons. Binesh agree that A to Z would either send someone with them or pay for taxi fare. If this program is to work, the women need to have different sources where they can earn more income, and their safety must be taken into account. Selling a single product line on a door-to-door basis will not provide enough income to the women. Identifying places where people gather and selling there must be part of the solution.

I think again of the little blue bakery in Kigali. We learned to send women into offices to sell their goods, for they didn't earn enough simply selling in the streets. We really started earning when they were able to sell snack foods to stores that could buy in larger orders. There is an analogy here, and the saleswomen will also target local stores to purchase the nets. Acumen Fund can help in terms of working with A to Z on finding the best incentives for teams of women to sell and be rewarded for their efforts in groups and not only on an individual basis.

The lessons are many and complex. While the building of private channels will be slow at first, the prospect of using a smart subsidy to stimulate markets and provide real jobs to unskilled women is potentially a powerful and important model for all of Africa. Acumen Fund should work with A to Z to capture lessons, measure what works and understand what doesn't. We will also continue to help the company consider other avenues for expanding opportunities to create economic opportunities while delivering affordable bednets to the poor so that they can make their own decisions.

Saturday, February 11  
Johannesburg, South Africa

The day starts at 4:30 with a drive to Kilimanjaro Airport. We fly first to Zanzibar and then to Dar es Salaam before flying onward to South Africa. The ride into Melrose, north of Johannesburg, feels almost like driving to a suburb in Belgium. Manicured green fields and neat rows of red roofed houses punctuate the views from the smooth main road. The biggest difference is the gates and serious security systems that protect and distance every home from the world around it.

The sky is gray and full, the air cool. We drive through the white metal gate to Melrose Place, the bed and breakfast where we've been booked. A lovely woman named Sue with bright blue eyes and her hair pulled back into a bun introduces herself as our host. She shows us the rooms as well as the little parlor where we can access the Internet. I like this hotel. It is tucked away in a garden of green so that you feel like you're far away from a city. Brian and I sit down immediately and start catching up on email before our next meeting.

Within minutes, the gray skies open and an African rainstorm welcomes us to this lush country. It is all the more striking since we've just come from a drought in Tanzania where the land is dying of thirst – as are many of its people. Thunder rolls and water falls so hard from the skies that it bounces off the red tiled porch. The effect is magical, though the increasing capriciousness of Mother Nature and the juxtaposition to the scene outside the airplane window this morning was not lost on us.

My friends say I am in Africa this week, and this is true. We are in Africa, we work in Africa. But what is Africa? Dusty Tanzania with a socialist history, great national pride, deep poverty, Swahili as a national language, Zanzibar, game parks and Mt. Kilimanjaro. South Africa has a history of apartheid, a legacy of hatred and bewilderment in parts of its soul. The country is more highly educated, more urban, more wired. There are eleven national languages, the wine country north of Cape Town, one of the highest AIDS rates on earth. Africa is a vast continent with enormous diversity. Drought in one country; rainstorms and flooding in another on the same day. Africa, yes, but it is time to recognize the different countries and myriad cultures that help define this continent.

Sunday, February 12  
Johannesburg, South Africa

Late sleep and then Brian and I go on a long run around Melrose, the fashionable northern suburb about a 25-minute drive from downtown. The area is beautiful, lush, green, but the houses are hidden and the barking of dogs and sight of armed guards in front of high concrete walls is a reminder of the disparity and the legacy of violence that continues to plague South Africa. Indeed, security seems to be the small talk of Johannesburg, much like the price of apartments is in New York City. The hotel guests are talking about it at breakfast (how a woman had her house broken into by men with machine guns. She got away with her life but she was lucky, they say). Our dinner guest tells us she chose the restaurant because it was near safe, public parking and that she would never go to many of the places with good restaurants for fear of losing her car (her husband has had two cars stolen, but at least he wasn't driving...)

We have a free Sunday afternoon, so we visit the Apartheid Museum. We are handed two different tickets upon entering. Brian is a "white" and I am a "non-white" so we have to go through separate entrances. Though it is only pretend, I get a stirring inside when I am unable to choose the entrance through which I enter. Choice equals dignity. Having a second-class thing or service allocated to you in real life does no less than strip any hope of dignity away.

I like the museum for the way it tells the story of the social movement that led to the release of Nelson

Mandela and the end of apartheid. It also tells the story of the rise of the National Party, which consolidated its power in 1948 after a conservative think tank “quietly” inserted ideology into popular thought and groomed a cohort of political leaders. When the party first came to power (though it lacked a majority of the vote), it could easily fill the cabinet with like-minded thinkers who had spent years honing their ideological beliefs.

The museum chronicles the establishment of the ANC; the rise of Mandela and peaceful resistance; how the early leaders finally opened themselves to using violence; the Sharpeville Massacre; the life imprisonment of Mandela and others; the student movement and the Soweto Uprising of '76; and then the rise of the youth rebellions – the toyi toyi and creation of a South African state that was ungovernable under the apartheid regime.

The pace and action of the movement came to a crescendo as media also captured more of the life and times of activists, news coverage, movements – the deaths of Ruth First, Steve Biko, and finally, Chris Hani; the anger of Desmond Tutu as well as his extraordinary spirit and smile; the complexity of Winnie Mandela who started out so powerful and beautiful and later threatened to use whatever means necessary – bottles, gasoline, fire....

I was hoping for more on the musicians, the writers, the artists who contributed to the spirit of resistance; the international community and the men and women in exile; and always, more photographs of more people. There is so much to learn about power and politics and what it takes to build the kind of world in which we want to live...We thought we'd stay for an hour at most but are there for nearly three.

Monday, February 13  
Durban, South Africa

Six o'clock start. Our fearless taxi driver, Collin, takes us to the airport, and the traffic is light so we are able to take an earlier flight. BroadReach's John Sargent picks us up and we drive for about 40 kilometers to a small suburb of Durban, Hammarsdale, where the HIV rate is estimated at 33 percent. Until BroadReach, the people who live out here in the ticky-tacky houses on the hillsides had to find their way into town for treatment. We are here to witness the beginning of a three-day training that occurs before patients are enrolled with their official general practitioner who they will visit in the coming weeks.



We pull up to a tiny church that was started in 2001. It is made of concrete and painted orange with a large cross built into the front. Zandi and Dudu, the resident trainer and counselor, greet us with warmth and hugs. Already, about twenty people are seated in a circle, waiting for the first of three days of training to begin. They are young and old – from about three to nearly sixty. They are men and women, though the latter outnumber the former. They seem wealthier as a whole than the poor women in Tanzania, though they are poor in the context of South Africa. All are dressed neatly. All sit quietly, usually with hands folded. All have learned recently that they are HIV-positive and are waiting to do the training so that they can start their regimen of anti-retrovirals and, hopefully, begin living healthier lives.

Zaneli is the main trainer here. She is a powerhouse of a woman who reminds me a bit of Whoopi Goldberg with an infectious smile, braids to her shoulders, a wide face and gold-rim glasses on a broad nose. She is wearing black jeans and sneakers which suit her perfectly for she literally dances around the room. I like her immediately and so does everyone else. She starts the training with an icebreaker, making everyone stand – including Brian and me – and sing a simple song: “Making melodies in my heart, making melodies in my heart, making melodies in my heart... to the King of kings....”

We sing it a number of times, each time adding something physical: thumbs up, holding heads to the side, turning around...and we all find ourselves smiling and laughing, and finally we sit down and ready ourselves as the song ends.

OK, ice broken. Zanelli doesn't waste time. "How long will you take ARVs?" she asks the group. Quiet at first. She asks again.

A woman answers shyly, "Until your viral count is below 50." Another says, "Until your CD4 count is above 200." Finally, an older woman in a green beret answers correctly: "Forever."

Forever. It is a different word for the sixty year old than for the fifteen-year-old girl. The little boy is another story altogether.

We watch BroadReach's training video that explains the process – first comes training; then the doctor visits; third, visits from support people; and fourth, the regular taking of medicines. Each person is given a membership card and told where and when to pick up medicines. The patients are counseled to keep the pills where they will always remember to take them. The main spokesperson on the video, herself an HIV patient, talks about how she feels better than she has in a long time and how she intends to take good care of herself and live a healthy life. Everyone in the room is glued to the TV.

People say very little. Zanelli asks the group again what the stages of treatment are, stressing the importance of finding a friend who you trust. She asks the group, "Who is the first person you know who has taken this step of admitting the disease and getting help. A young woman in her twenties with a green crocheted hat hits her chest and says, "I am the first person I know who has done this."

Courageous people.

Zanelli shows a cartoon picture of a woman walking down a road with small houses scattered at the four corners. "What do you see?" she asks. The eight year-old boy answers, "A doctor." The three year-old whispers, "My brother." She asks a few more people and explains – it is a woman walking down a rural road where the houses are far apart from one another...."Where is she going?"

A woman answers, "She is going to see a doctor..."

Another: "To see a friend who has a problem."

Zanelli makes the woman real – the group gives her a name (Mtogo), determines her age (around 32), and where she's from (Nchanga – a rural area near this place). The group is engaged. Does she have a job? "She's working for the doctor," answers the sweet little boy who's not forgetting why we're here.

Next, Zanelli shows a series of pictures and asks the group to tell the story of Mtogo. In the next one, Mtogo is talking to another woman. Someone says, "She is telling her friend about her sickness," but doesn't mention HIV. Another gets more specific: Mtogo is crying, telling her friend about her HIV.

"But how did she get it?" asks Zanelli. "How does anyone get it?"

More quiet.

The older woman wearing a white beret and a lemon yellow skirt says in a low voice, "The laymat" – the South African euphemism for sex. Others say that maybe she was helping someone with an open wound who had the disease. Finally, an older man, who looks like walking dignity and stands whenever he speaks, says that we should discuss unprotected sex because this is how most people get it. But it is not easy to talk about.

Other ways to pass it on? Ritual scarification, mother-to-child transmission, caretakers who prick themselves with needles when helping HIV-positive patients. The group knows. About one-third of HIV-positive mothers will deliver infected babies.

Another reason? "If you brush your teeth when your gums are bleeding and you don't wash it well and someone else uses it." A woman with her hair pulled back tightly into a ponytail says she knows you can't get HIV from a plate or a spoon but she's not sure about the toothbrush. Zanelli describes the virus, showing a picture of a naked woman with Zulu warriors attacking her body and an image of a green virus inside of her. This virus she says, attacks the human body but can only survive at the body's temperature. If you leave blood in a toothbrush, after a few minutes the virus will die – but pay attention, she says. Don't share your toothbrush if you see blood on it. In fact, she says, it is never a good idea to use someone else's toothbrush...

Zaneli summarizes, "So it is clear that there are a lot of ways you can get HIV. No one can know how you got the disease and you might not know yourself. What is important is to recognize it, take care of it and protect others from getting it." She also reminds people that you can't tell when someone else has it – and they can't tell when you do.

The young boy is mesmerized. He never takes his eyes off Zaneli. There are millions like him in the world, children whose lives are forever altered because of this disease. It breaks my heart to see him, not because he is more innocent, for no one is guilty of a crime in this room. Most of the women contracted the disease from being good wives, from loving their husbands. That is all. My heart breaks not because some are innocent but because he is too young to have any disease, let alone one that will change his life daily, that will stigmatize him and impact his relationships. And he hasn't had a chance to flirt or fall in love, not even once.



I turn to Zandi, the social worker, and ask her the little boy's age, convinced he is eight. She checks the records: he was born in 1992. So he is not eight. He is fourteen. This is what chronic disease and malnutrition look like. How many more like him? How many are sick with no parents and caring for other children who also are sick?

What is the world's collective responsibility to our children? Five million people contracted HIV last year – more than 6,000 new cases a day. More are expected to fall sick again this year. Last year, three million people died of AIDS-related illnesses. Most of these deaths will be among women and children.

Three years ago, there was little treatment to speak of in South Africa. President Mbeki and the Minister of Health are both major obstacles both to prevention and to treatment. The Minister continues to tell people to eat spinach as if this is a cure, and the health establishment bristles whenever they hear her name. President Clinton helped open the doors to acknowledging and doing something about AIDS, as did George W. Bush with his administration's \$15 billion PEPFAR pledge. Both actions reaffirm our collective interdependence and responsibility. But this is not enough. Currently, of the five million

people infected with HIV/AIDS in South Africa, about 120,000 are receiving ARVs (not all need ARVs, however, depending on their CD4 count and viral loads). How to expand this number exponentially is the question we have to ask and answer in a way that creates viable systems that can sustain and scale themselves

People are warming up and asking questions about what the rest of their lives will be like. "What do we do about kissing someone now?" I would want to know the same thing, fearing that now I would be a pariah and someone unable to live a real life anymore. Zaneli calls a young woman to her, opens her mouth and goes to give a huge kiss to her. The girl squeals and the room breaks into laughter. Before answering, Zaneli says, and what about hugging? And she sits on the lap of another woman, entwining her legs and arms as tightly as she can with the young person. Her humanness is what gives all of us back our humanity.

She later explains that the virus won't survive in saliva but it will in blood so tells the group not to French kiss when they have open sores in their mouths. She has broken the ice by now. She has restored a lot of confidence that life is beginning again.

We leave the training and drive a few minutes to a local clinic. Outside the clinic, standing by a giant Coca Cola sign is a blue billboard with what looks like a Rorschach test with something about HIV. It takes a while for me to see that it is the silhouette of a man kissing a woman's neck. Apparently, it was part of an awareness campaign from loveLife, an organization that recently lost \$50m in funding from the Global Fund for poor program performance as well as its bad financial situation. The ads were thought to be controversial as well as ineffective – I want to learn more about what worked, what didn't and why. Knowing how to market is essential to delivering critical goods and services like condoms to people, and we need to learn the lessons of the past or continue running in circles. We must create incentives for organizations and donors to talk as openly about what doesn't work – and why – rather than simply promoting and too often inflating successes. We're all in this together.

Women wait outside the clinic because the waiting room is overflowing. This is an area with a 33% AIDS rate although Dr. Sibulwana, the young and beautiful doctor who runs the place, believes it may be as high as 50% among the women. Dr. Lubelwana is about thirty years old. She is one of the 50 private practitioners who work directly with BroadReach, the company in which Acumen Fund is invested. She is neat, organized and has a smile that lights a room, though she must deal with death at least weekly.

The BroadReach model, like so many of the Acumen Fund investments, is as much about dignity as it is about poverty. To understand why and how it works, you have to step back and look at how ARVs are being delivered in South Africa. Over the days that I'm here, I realize that this could take weeks if not years. I thought I knew a lot about the system but find myself confused over and over. Many institutions compete for PEPFAR and multi-lateral funding (like USAID and funds from the European Union, for instance) to care for patients with HIV/AIDS. The majority of funds goes to support government hospitals and clinics, though the South African government doesn't take external funding for the ARVs. Companies like BroadReach also compete for the funding, as the external agencies understand that government will not reach all South Africans.

The BroadReach model is to work with private health practitioners across South Africa and take advantage of their excess capacity so that they can take on poor patients who could not otherwise pay. In simple terms, BroadReach hopes to create a Medicaid model for South Africa (and hopes to expand across the continent eventually). Doctors like Sibulwana, then, are paid on a per patient basis for individuals accepted under the BroadReach program (they must be poor and referred by the program, although patients now often come through the private clinics as well). In many cases, no government clinics serve areas where GPs operate. In Sibulwana's area, there is actually a government clinic, but patients must wait for hours to receive treatment – often the whole day – and it is not unusual for there to be no supplies when they finally are able to see the doctor.

Dignity. At Sibulwana's clinic, people come for appointments. They know they will receive the tests and medicines they need (BroadReach works with a courier system that ensures, for instance, that CD4 test results are returned within 24 hours via email, and within three days via paper). And they can make choices when there is an option other than a government clinic. Sibulwana tells us it was always her dream to start a clinic with the highest level of services that also could serve the poor who couldn't pay. Now she is living that dream, though she'd like to expand even further – to do diagnostics herself, especially for TB. Now she has no choice but to send tests to government clinics, and it can take two months to get the results back. Because TB can be so infectious, private practitioners cannot simply diagnose and treat patients without going through the government. But there must be a better way.



She also is looking for another doctor. Of the 25 patients she sees daily, 50-60 percent are HIV-positive. She could take more if she had help. Plus, she is pregnant but still wants to expand operations. The problem is finding qualified doctors. I wonder if there can be more opportunities – one- to two-year stints – for young doctors from the U.S. and Europe who could do part of their residencies in places like this – a sort of reverse brain drain. She likes the idea. John Sargent, one of the founders of BroadReach who got his MD from Harvard, says he'll look into it.

When I was at Davos, a number of corporate executives expressed frustration at how slow the world is in providing treatment to people with HIV and AIDS. "Six little pills," one says to me. "Why are we making it more complicated than that?"

I agree with him that we need to simplify processes and that there is no excuse for not providing treatment to people who are dying. But we cannot make things simpler than they can be. John tells us that the meds

are 10 percent of the solution. The other piece of solving AIDS – 90 percent of the solution – is psychosocial. Changing behavior around safer sexual practices, getting people to admit they have the disease, starting treatment, finding the right support group, helping people comply with their routines not only for the first six months until they feel better but every day for the rest of their lives. The challenge is mammoth but not impossible.

I like John a great deal. He is global by nature, global by interest. After doing an internship in Sierra Leone during the height of the war, he knew he wanted to go into public health to do something important for the world. He also knew that understanding culture was part of the solution. So before getting his medical degree, he earned an anthropology degree from Oxford on a Fulbright scholarship. No slouch he, John is now driving across South Africa visiting communities, establishing relationships, building systems for the effective delivery of ARVs, training, clinical treatments and patient support.

The BroadReach system is not inexpensive. It costs about \$1,800 per patient per year, including the cost of drugs, training, clinical services and disease management. In total, about 20,000 patients are being served by Aid for AIDS, the company's third-party provider, and they are enrolling between 100 and 200 new patients per month.

Broadreach is entirely dependent on PEPFAR funding for its revenues. This puts the company in a risky position, which John talks about freely. Cash is often slow in coming and PEPFAR can easily ask its contractors to extend the time under which it has approved a budget. BroadReach was recently asked to extend the monies they received for a year to a 17-month period. This has huge implications for running any business, and we talk at length about how BroadReach can diversify its customer base and overall portfolio.

When looking at business models for the poor, our framework is always to consider issues of pricing, marketing, design and distribution. Pricing of the ARVs is obviously key. I don't fully understand how the pricing works in South Africa, only that different prices for different drugs are available but no one has access to the \$350 per year generics rate charged by Cipla and other companies. BroadReach must purchase drugs through a local South African producer and has little negotiating room on price. In terms of straight donor funding, few are interested in providing funds for treatment they know will last for the lifetime of each user. BroadReach is exploring cost-sharing agreements with corporations and other options.

Acumen Fund could help BroadReach as well in modeling the actual costs of delivering treatment and then comparing it to other service providers. From what I've seen among other providers, the BroadReach model is comparable in terms of price. Logically, it is superior in terms of quality of services provided given not only its work with private operators who have clear financial incentives to work with the poor, but also its ownership of training, database management as well as doctors' services and drugs. It is building a powerful capacity to deliver healthcare across the country and, over time, should be able to provide a much greater array of service to poor people that goes far beyond the treatment of HIV/AIDS.

Sibu and John take us to meet one of her patients. Her name is Melta, she is in her late 40s, I'd guess, and she lives in a three-room house about five minutes drive from the clinic. The front room is painted bright green; the back parlor is the color of salmon in the shade. In addition to a bed on the back wall and a living setting with a small couch and four chairs around the table, the room has a television playing and a small sound system. A poster of Tupac Shakur hangs on the back wall besides an advertisement for Canon copiers. A fluorescent light hangs just below the corrugated iron roof.

Melta's friends and a sister come and join all of us who are sitting on the chairs. Soon, there are ten people in the room, talking. We ask Melta to tell us her story. She stands and clasps her hands together in front of her (Melta is about 5 foot 2, short hair, flashing eyes, white shirt, blue skirt). "About eight months ago," she says, "I thought I was going to die. In fact, I was planning my life around death and my five-year-old son and I used to cry almost every day. I thought I was going to die." Melta starts off happy but falls into tears as she talks about her son and how confused he was when she was sick.

"I went to see Dr. Lubelwana and she helped me so much," she continues. "She told me what was the matter, got me training, counseled me when it was too much. Now, you see? I have gained more than five kilos and am so happy. There are so many medicines that I have to take but I feel so good, so good, and everyone here helps me. At first, I was so afraid that people would shun me. But my friends are here and now people from the neighborhood are asking if I will help them. And I always do."

We speak about the need for support. The woman sitting next to her in an orange hat offers to talk. She also stands while speaking. "You see," she says, "we thought we were losing her to God. She was in too much pain. I would go over each day and bathe her and cook for her and try to help. But look at her now! It is so much like a dream! It is like a dream."

She continues, telling us that her friend used to complain of dying daily but now she is always enthusiastic. "You see me now?" Melta asks with a twinkle in her eye. "You see me now, my sister! I'm back!"

Her friend still comes to her home every day at 7:00 to prepare porridge for her to eat with the medicines. People take care of one another. Melta now serves as a counselor to people who discover they have HIV and don't know to whom to turn.

Like many in this area, Melta's counseling comes through a local church-based clinic. "All the time", she says, "we are told to thank God for making us well, though sometimes I wonder why He made so many of us Africans so sick in the first place. For me, I am thankful to God but in my prayers I give thanks to Dr. Lubelwana!"

We thank Melta, thank her friends and walk out of the house down the little path to the car. I notice an amazing garden filled with summer squash and ask who the gardener is. Like the proud farmer she is, Melta shouts, "That is me! I am the one who cultivates the vegetables. I'm back!"



Jacqueline Novogratz  
February 15, 2006