

India Journal

April 3-7, 2006



April 3, 2006
Bombay, India

The moment I get off the long flight to Bombay, I remember it is April. It is going to be a very warm week. The air is thick, sticky, hot and sour. I fly through immigration and see a swarm of young men in white jackets rushing toward me with "VIP" signs. One of them has decided I must be Goldie Hawn, who is expected on the same flight though I've not seen her. I laugh and tell them they've got the wrong girl but wish them luck. You have to love Bombay.

It is 1:30 in the morning but the roads are still buzzing. Slums line the streets beyond the airport. The houses are made of plastic and cardboard, homes to thousands of people who have little in the world but each other. There are entire systems for taking care of one another in the slums, and everyone is involved in them, from the police to the slumlords to the government authorities. The World Bank is working with the Indian government to move squatters to an area they hope will be cleaner and safer, but this is a thousand times easier said than done. My taxi driver asks me if I like rock and roll, and when I say yes, he plays his favorite CD – a mix of Elvis and James Brown and the Rolling Stones. He thinks things are getting better, even feels happy that George Bush accepted the nuclear agreement with India. He doesn't stop talking until we reach the hotel.

I arrive at nearly 3:00 in the morning but can't sleep. I think about the apartments with balconies along Marine Drive and daydream of the romance of watching the sun set on the Indian Ocean nearly every night. I love Bombay although I hardly know it even after dozens of visits. This city of 18 million or more (my taxi driver swears there are 30 million in Bombay) contains every character imaginable. The slum dwellers and the fantastically rich (office space here is more expensive than Acumen Fund's space near Wall Street), Bollywood actors and nuns wearing the pale blue and white of Mother Teresa's order. Life is seething here, filled with ambition and politics, beauty and hideousness, greed and some of the most generous people I have ever met. I want to live here one day, but even then, I wonder if I'll ever really know the place.

I read my book and look out the window, looking over rooftops in the city center. I think of the week ahead – we're in India to raise investment funding, to spend time with existing investments and consider some new pipeline possibilities, to meet the new India team and to interview candidates for the Acumen Fund Fellows Program. It will be a long week, a good week. I only wish we would have more time in Bombay.

Soon the light creeps into my window and morning comes.

April 4, 2006
Bombay, India

Cate Muther, one of Acumen Fund's founding board members, and Sarita Gupta, our new Fundraising and Communications Director, are both here, and we are joined by our India Country Manager, Varun Sahni. Varun has done the work to plan our days to meet our objectives for the trip: identify partners for our Non-Banking Financial Corporation so that we can finalize ourselves as a new legal Indian entity; raise funds in-country to support our work here; gain a better understanding of where we can add greater value to existing investments; and discuss possibilities with several pipeline investments. We also will join a Fellows candidates' dinner in Hyderabad and visit our new offices there. We're ready for a busy week, and I feel lucky to hear the different perspectives and insights that come from seeing the world through different eyes.

In the morning, we visit two of the country's major financial institutions and explain our mission to fund a Non-Banking Financial Corporation (NBFC). An NBFC is a for-profit company that we are required to

incorporate so that we can make loans and equity investments directly in India and raise Indian funding, as well as foreign funding, to do this. Our equity partners in the NBFC will know the potential for financial returns is low and they should expect to receive zero in dividends, but, hopefully, we can return their capital at some point if needed. Why would anyone participate? Because we are learning so much about delivering critical services to the poor – including housing-related financial services, health insurance and clean water. Because we may have a number of co-investment opportunities. Because this is a new model worth supporting. Both institutions we visit agree, each contributing 15% – we need only 20% more of our initial capital and we're set. It is a good day in Bombay.

Later we visit an expert in health insurance, though no one is expert in insurance for the poor. Not yet. At the same time, insurance products for weather, health, life and general loss are popping up across this country of a billion people. The industry is hampered by the customers' lack of experience with insurance, especially for the poor who cannot afford to think long term but must manage cash on a day-to-day basis. Incentives for entering the insurance industry are decidedly mixed as well. The only way health insurance will become viable to the poor, we're told, is when there is a scalable HMO model. The providers must own the risk of loss and be held accountable operationally and financially. The participants must be willing to increase their contribution over time. At the same time, the providers must be held to a ceiling on costs that can be charged to the insurers. Otherwise, providers will have every incentive to utilize insurance repayments to the hilt.

Driving through the crowded streets of Bombay, we take in the ugly-beauty of buildings left untouched for decades and street vendors buzzing with their wares. Nearing the center of the city, our car is approached by a group of young boys waving books. We roll down the windows to see what look like knock-offs of popular books – Freakonomics, Shantaram, new releases from the popular press. Among them is Acumen Fund partner Tom Friedman's The World is Flat. We decide we have to get Tom a copy, and our excitement pushes us to buy the other books as well before the car rolls off. Laughing, we open the books only to see terrible printing jobs, missing chapters and scores of blank pages. You can't say the boys aren't entrepreneurial but I can't imagine they get many repeat customers. Still, the idea of buying knock-offs of Tom's book is priceless. The world is indeed flat, though I'm afraid he's not getting royalties from this sale....

Varun takes us to a bar on the top of the Intercontinental Hotel. In the open air surrounded by sparse but beautiful Asian furniture and décor, we watch the red sun set on a flat yellow sea. We are well above the noise and the heat and dust of the city. We stay only for a half-hour but the respite takes us far away for just one blessed moment. We then go to the Salt Water Grill, a restaurant co-owned by our own portfolio manager, Varun. We're all so proud of him and it is exciting to see his own entrepreneurial abilities played out in different ways.

The Salt Water Grill is one of my favorite restaurants anywhere, sitting right on the water with little cabana-like tents covering tables. The food is exquisite and we're proud to be so closely related to it through our entrepreneurial country manager.

It has been a great day – have I said that already? We are close to securing the partners needed for our Non-Banking Financial Corporation status from two respected institutions we've visited. Cate and Sarita also spoke with a high-impact foundation and we may be partnering with them as well.

April 5, 2006
Bombay, India

Medicine Shoppe

Viraj Gandhi greets us in his offices in Bombay. He is a young guy – in his thirties – with deep-set, dark green eyes and black hair with a touch of grey in it for character. He dons the kind of glasses that architects often wear – boxy but narrow – and a blue shirt and red tie, and speaks with great energy, gesticulating all the while. Viraj was born in Calcutta to a family that was involved in pharmaceuticals (his father, grandfather and two uncles owned a large pharmaceuticals company), both wholesaling to and manufacturing in markets in Southeast Asia, Russia, Eastern Europe and Africa. His older brother and father were running this business and sold the Indian operations to Dr. Reddy's Laboratories a few years ago. Around that time, they recognized the power of retailing in the industry and decided to start a company focused on retailing

and distribution. Medicine Shoppe was born when the family purchased the Indian rights from a US-based franchise model for distributing quality health products.

I like Viraj a lot. He is straightforward, uncomplicated in his approach to people and business, and focused. You can tell within minutes that he's an entrepreneur, thinking constantly about how to improve the business, grow it, make it a household name in India. He is also gutsy. Last year, the company started providing "healthcare camps" to offer more holistic services and establish stronger relationships at the local level. The camps were successful – so much so that his vision for 2010 is to reach 700,000 people through these camps.

Medicine Shoppe (MS) is a franchise model with a hub and spoke approach to healthcare, starting with the pharmacy. The company will bring high-quality drugs and other products (in competition with spurious, outdated and sometimes dangerous drugs currently on the market in overwhelming numbers) to local communities, and then create additional services such as preventive check-ups, consultations and referrals. These shops have the potential to replace public health clinics which, for many people throughout India, are their only real choices for healthcare.

Medicine Shoppe is also turning some current health practices on their heads. In most cases, when seeing patients, doctors don't charge for drugs but include the costs in their consultation fees. MS charges for the drugs but provides the consultations for free. Regarding the very poor, if a person has a BP (Below-Poverty line) card, they can purchase all products at cost. To date, no one has used their cards with MS, perhaps as a result of shame at having the cards – or else, because the shops currently operate primarily in urban markets, though the range of people who visit is extremely wide.

We are interested in understanding the business model that would be required to move Medicine Shoppe's services to rural areas where people have very limited access to proper health facilities and very low income levels (combined with a much lower population density, which makes distribution more challenging). Rural people typically defer their healthcare until the last minute – so Medicine Shoppe will have to invest more up front in creating behavioral changes as well as in building more flexible business models based on understanding who the customer is in those areas and what it would take to serve them in a profitable manner. This is, of course, in Acumen Fund's sweet spot, and we are discussing potential ways of working together.

At dinner, we meet someone working on multi-sectoral programs in India. When I tell him we work with poor people, he asks what I mean. I tell him we work with people who tend to make \$2 or \$3 a day. And he asks me whether I am saying they are spiritually poor? I say no, I'm talking about people who make \$2 or \$3 a day: poor people, people who earn very low incomes, incomes so low that they are classified as poor. Throughout dinner, he questions my language and my politics so that we stay comfortably in theory rather than getting down to the brass tacks of identifying solutions. He couldn't be more different from the fresh, problem-solving orientation of Viraj, who is willing to take major risks to reach people who previously have had little or no access to quality healthcare. If ever there was a time to put aside ideology and focus on pragmatic idealism, it is now. I leave dinner feeling completely blessed to be working with the talented individuals in Acumen Fund's community. They are curious and generous, disciplined and respectful – and these are the qualities that make truly multi-sectoral approaches possible.

April 4, 2006
Bombay, India

ICICI Bank

We are on our way to see Nachiket Mor at ICICI Bank. It takes us an hour and a half to wind our way through crowded Bombay to reach the bank. The air is seething, traffic is jamming, and tempers are flaring. Cops stand at intersections pushing the onslaught this way and that with white-gloved hands. There is a big



program in Bombay along Marine Drive now to help 175 policemen beat their alcohol addiction. The police earn such low salaries that many push for bribes of money and liquor, and too many end up addicted. A recent rape case involving a drunken cop brought the well-known problem to even more widespread attention.

We drive along streets flanked by shantytown huts made of corrugated steel sheets and cardboard. On the front of one of the homes is a sign advertising Home Repair. I can't see this fellow getting a lot of business. The houses made of trash sit along open sewers, and the sour smell has turned rotten. Two million people in Bombay live in slums and on the roadsides. Two million. Probably more. While this country is growing at a rate of eight percent a year, nearly 300 million people – the population of the United States – feel left behind, excluded and poor even if their absolute incomes have risen. We have to pay attention to this and find solutions. We have to start by listening.

Nachiket sits on the top floor of the marble and polished wood building in the new financial park in the suburbs of Bombay. We are taken into an office with a round table on one side on which sits piles of books, memos and files (he's just come back from a long trip). Three leather couches surround a glass table over an elegant dhurrie rug of beige and maroon. Gorgeous embroidered textiles nicely framed and covered in glass adorn the walls. Nachiket points to the textiles proudly, saying there are no flaws in the beauties we are seeing here – they are all examples of products from the company they are incubating to bring Indian crafts to the global marketplace.

Nachiket speaks about the importance of mentoring. Banks, he says, are not typically good at mentorship. "We are good at structuring deals and then keeping more of a hands-length distance," he tells us. He congratulates us on putting so much effort into this space – for this is critical to building industries, especially those that serve the poor. ICICI management is creating a new venture capital firm in Hyderabad called ICICI Knowledge Park, which will focus on biotech/life sciences for public health.

The biggest challenge facing ICICI is the rural channel roll-out (85% of the bank's business is non-microfinance). ICICI is looking at franchise models whereby finance is a subsidiary business (their main businesses are typically in fertilizers or mobile scooters, and ICICI can provide financing as well as connect them to cell phones, etc). ICICI's strategy is to work with 450 of 600 districts in India. Each district has 10 blocks, and the bank will give one franchisee per block (about two million people). Below the block level, there will be small branches and tele-kiosks. Once this is done, ICICI will have financing, savings, lending and insurance capabilities. ICICI believes it can provide services for everyone from the very poorest people to the highest end (so that ICICI can even finance Porsche in India).

Currently, the bank works with 400 franchisees. Their goal is 4,500, and they hope to be at half this number by next March. Nachiket shows us a short video made for the bank's board. It includes a clip of a franchisee who is a very large distributor of fertilizer. ICICI ensures that his office (which he purchases) looks like ICICI; then the franchisee puts up between 10-25% of the credit lines as cash collateral to ICICI. The sub-franchisees (usually 8-10 for each franchisee) typically source deals.

The bank works with local agricultural universities to provide training, says Nachiket. "These guys know about the markets, they know about weather and they would know how to think about insurance for weather. In fact, I'd rather have these guys than Harvard MBAs because they will do better as they know these places. They know everyone in the area – the good farmers, the bad farmers. As we gain more experience, we'll understand the missing pieces."

As I leave, all I can think is, "Watch out Citibank." India is going to teach the rest of the world a lot about business models for the 21st century.

[Bangalore, India](#)

[Arghyam Foundation](#)

A late flight to Bangalore means we will have only a few hours in the city known as the Silicon Valley of India (though Varun tells me that Hyderabad may soon eclipse Bangalore as the high-tech place to be, and he may be right). Still, Rohini and Nandan Nilekani of the Arghyam Foundation are two of our most important

partners and I know whatever time we have together will be well spent. The air is much cooler here, and the streets greener. But the traffic is just as bad as it is in Bombay. We crawl through the suburbs to reach Rohini's office to discuss possible partnering opportunities and her foundation's work on water.

Arghyam Foundation, endowed by Rohini with \$22 million, funds water projects that enhance equity and sustainability. The organization is also developing an open India Water Portal for information and knowledge sharing (to be launched in Delhi in July). It hopes to create impact through advocacy and by scaling with government initiatives.

Arghyam is looking at projects in a number of areas, including integrated domestic water management with a focus on community ownership, soft infrastructure development and financial sustainability. Rohini has a great group of people working with her and access to all of the country's leaders on the science/ environmental side, as well as the political and business sides of the issues.

The foundation is working with entrepreneurial efforts to produce rainwater harvesting kits for households and connecting the efforts to schools. In urban markets, governments are mandating that every household include rainwater harvesting units, but this isn't so in the rural areas. In all cases, Arghyam will cooperate with governments – where government has promised that each school will be fitted with water access, Arghyam will act to ensure that the projects work. They will do social audits through a network of committed people in each area and then hold the local government agencies accountable.

One thing is certain: Rohini Nilekani is one of the most dynamic women I have come across. She has set her mind on water, and she will make things happen. She and her team have a similar mindset to ours, and we are both committed to getting things done now. I look forward to knowing her and to finding ways to leverage both institutions' capabilities in this most critical space.

After the meeting, we rush back to the airport for the flight to Delhi. Late night flights have clogged the airport there so our plane circles for hours and hours. We don't touch down until after one in the morning. Life.

April 5, 2006
Delhi, India

Drishtee

First thing in the morning, we meet with Satyan Mishra, founder and CEO of Drishtee Dot Com, an innovative technology company with a current network of 1,000 rural telekiosk franchises and an aspiration to reach 10,000 in the next two years and 30,000 in the next five. The idea of Drishtee is to create a telekiosk system across rural India as an entry point to distribute not only information and services but also products. The company itself is six years old so we are at similar points in our organizational development – both poised and focused for scale. Acumen Fund recently made a significant equity investment in Drishtee and now owns 25% of the company. This is one of our first visits as joint owners. The purpose is to consider how best to work together on some of Drishtee's key challenges: financing for kiosk owners (where we have more expertise) and connectivity/power issues (for which the purpose of today is more understanding than problem-solving).



Early morning we pile into the four-wheel drive vehicle and start moving like an ant in army through the roads of New Delhi, though more slowly and chaotically than ants would ever go – the traffic is unruly, aggressive and tired all at once, a mix of cars and bicycles, motorcycles and trucks, three-wheelers and buses punctuated by random donkey carts and even elephants as we move out of the city. Our driver keeps his thumb on the horn, just to add our own voice to the noise and combustion.

Satyan, like Viraj, is a real-deal entrepreneur. Drishtee is his life. It is all he thinks about, he can discuss it all day long, and he is going to make it work. Satyan is neither shy nor recalcitrant. He is a man on a mission. In

the past year, he's learned a great deal about how best to roll out the product. The problem with too many roll-out schemes, he tells us, is that they are top-down and not focused on customer needs. Consequently, Drishtee is establishing a new product services company called Quiver, which will focus on the design, development and delivery of services that will be layered onto the Drishtee platform. As part of Satyan's commitment to Quiver and to a customer-centered approach to service delivery in rural India, he is moving to his own village for three months where he will live among villagers and mostly listen to them, to what they need, what they will pay for, what they aspire to and who they want to be.

His current roll-out scheme is inspired by knowing who people are. Drishtee goes into a community, where it has residents sell Drishtee services for a specified period of time. The top salesperson is offered the opportunity to purchase a franchise given that he or she not only has proven marketing skills and understanding of the product, but also hunger – and he or she comes with an initial customer base.



The Drishtee entrepreneurs then move through three categories. The Silver category allows them to offer basic services, including photography, matrimonials and insurance products. The Gold category adds e-governance and other services. At the Diamond level, more complex services are allowed, including health insurance products as well as outsourcing opportunities in health and data processing. This level is also where the firm is experimenting with telemedicine and educational products, which will likely be cross-subsidized by other higher margin services. The ability to give entrepreneurs the right to add products over time is critical. Indeed, incremental commitment to what Drishtee is doing creates a powerful network of franchisees, but it also enables people to bring on services when they are ready to do so. He also has learned that the best way to insinuate a service like a telekiosk is to start small, asking low commitment from the community and then adding products over time.

I ask Satyan for a profile of the kiosk operators. He says they have two common qualities. First, they really know the communities and are respected by people there. This is key to the enterprise's success. Second, they have fire in their bellies and will do what it takes to succeed. His challenge? To work with more women franchisees and poor people, for both groups are the hungriest. According to Satyan, women also are much more likely than men to open the kiosks early and keep them open later. The problem is that women are typically undocumented and cannot get loans. Microfinance programs don't work in the areas where Drishtee often works but more important, they don't make first-time loans to individuals at the level that Drishtee needs – about \$1500.

We brainstorm solutions. This is a case where building a prototype and demonstrating success may ultimately encourage commercial banks to enter the marketplace over time. We will explore the possibility of structuring a line of credit to Drishtee so that the company itself could provide financing to new franchisees, provided Drishtee hold the responsibility for repayment. What is exciting is not only Satyan's resolve in this matter but also his belief that the reason to extend franchisee operations to women and poor people is not out of a charitable urge but for a business reason: they make better franchisees.

We pass beautiful blue doors on little white houses. In one area, we see little girls sitting on carts with their parents and wearing glitter red ribbons in their hair so that they look like little princesses on pangolins, all royalty and glamour.

We visit one of the Drishtee franchisees, a twenty-four year old computer technician named Anuj. He operates a kiosk on the second floor of an office building on the main road in a medium-sized town so that there are as many bullocks pulling carts as there are cars and trucks rumbling down outside. Anuj shows us his system and takes our photo, charging about fifty cents to give us a printed copy and another fifty cents to send the photo via email. He is proud, organized, a good worker. Not a lot of people come to use his services while we are there but he says that's because it is the middle of the day. He typically has 25 or more people use the computer services and is focused on increasing sales in the coming months. His life has changed since

starting a Drishtee franchise – in terms of sales, the community he feels part of, his own ambition. His goal is to start his own computer center once he's earned enough profits from this venture with Drishtee.

We next go to a tiny, poor village where the Drishtee operator keeps his computer in a very small room right past the courtyard where he keeps his cows and rooster. The cows don't seem to mind his presence, and the villagers don't seem to mind walking through them to get to the computer. I imagine the rural villagers opening the world in the little room with the computer and the ambitious entrepreneur looking out.

We talk about competition. After discussing other technology-based centers, it strikes me that the Naxalites might be an even fiercer competitor. The Naxalites are part of the Red Corridor, a movement in Nepal and Northeastern India making a strong case against the wealthy and trying to promote the poor. They were started in the 1960s but have gathered steam of late – and are active in 123 of 600 districts. Getting too visible and powerful in India could have the unintended consequence of being a target for rage and frustration among those who feel left out.

It is a big deal what is happening at the local level and it is at the world's peril to ignore it.

I've been thinking a lot about C.K. Prahalad and his theories on the Bottom of the Pyramid. He made a powerful contribution to the world in providing a new framework for thinking about the poor. At the same time, simply selling goods to the poor will not change poverty on a large scale. We must link not only consumption to the poor but also savings, investments, and income, for there are no other real ways to get at problems of poverty on a large-scale basis.

On the way back to the hotel, we stand in traffic in Delhi in front of the five-star hotels. Every day in cities across India beggars approach cars, sometimes three or four at a single stoplight. Passengers look away, their only means to survive in some ways. A woman approaches us with a tiny baby attached to her withered breast. She just stands there with the child suckling against the window of the taxi in the afternoon heat. I think of the philosopher from Princeton who claims that we would help someone if they were right in front of us, and I think even more of my friend Jim who is thinking of doing a film about Mother Teresa.

We've had long conversations about her and what compassion means, what it means to live a life of compassion. I do nothing to help the woman, just look at her straight in the eyes and say I'm sorry. I'm sorry. Right behind this woman is another and then another; after she sees in my eyes that I will not give her anything she walks over to her friend and they start laughing and talking as if on a coffee break. I know that begging in Bombay is a business with a beggarmaster, a hierarchy, assigned territories. Mother Teresa's contribution was in providing comfort to those she touched. Maybe even more so, the mark she left on the world was in the many whom she inspired to do more, be more. She also brought visibility to people the world didn't want to see. In our own way, that is what Acumen Fund is trying to do – by starting with trying to understand who poor people are and what their concerns are and then building solutions from that perspective and not simply our own.

April 6, 2006
New Delhi, India

We have seven meetings today. The first is at 7:30 – meaning we have to be ready to leave at 7. We meet mostly with foundation heads, people working in corporations, a management team from a major NGO here and a director of a large international NGO. We also had lunch with two wonderful friends of Larry Brilliant, the head of google.org. The conversations ranged from pursuing potential partnerships on new approaches to housing for the poor to discussing whether there might be opportunities for funding Acumen Fund to expand our presence in India. The community we meet here is eclectic and fascinating, though the follow-up is daunting. It is a good feeling to know that we now have a country office who can take the follow-up, though and I can't imagine how we did it before this was in place.

We finally return home at just about midnight. Now it is nearly two and we have a 4 a.m. wake-up call tomorrow. I have to get better about insisting on no early morning meetings unless there is a flight to catch (which accounts for about half the days).

April 7, 2006
Hyderabad

Four a.m. wake-up came early again. I barely remember the flight which is a good thing. Hyderabad is a lot warmer than Delhi – we arrive at 8 a.m. and already it is 100 degrees. Arunesh and Raman, the director and marketing manager of Scojo respectively, are eager to show us how much has changed since we last visited in September. The organization has modified its strategy to be more customer-tailored in its outreach. They use a referral system now, whereby the vision entrepreneurs try selling first to influential people in the community and then asking them to refer three additional people they think will need and want glasses. The group is also securing additional partnerships. Acumen Fund is helping on this front, making connections to Drishtee, Medicine Shoppes, Hindustan Lever, and other companies with distribution systems already in place. This cross-fertilization of Acumen products and networks is increasingly a major strategy for us. Varun also introduced Scojo to Vedanta, the largest mining company in the country. Whenever the company enters a community, it “adopts” the village. They have agreed to offer screening and will purchase glasses to sell to the villagers, employing additional vision entrepreneurs in the process.

Each village entrepreneur (VE) is assigned a block, which in the Indian political organization comprises 30-40 villages or about 100,000 people (of whom 35% are in the eligible target group in the 35 and over category). The experience of VEs is that 25% of people who are screened actually purchase glasses. Their goal is to improve the quality of people who are screened by having more information on who the customers might be in any given target area.

Buffalo work all along the roads, alongside the trucks and cars and motorscooters and people, all moving forward, pushing through heat and dust. The roads are narrow and the city is growing, so though we move toward the rural areas, the going is slow. A girl with her black hair tied behind her drives a motorcycle on our left. She is wearing a crimson salwar kameez and looks elegant and calm despite the swirl around her. We pass schools and cemeteries, cement factories and fruit stands. Huge bunches of grapes hang neatly from the awnings of red and blue fruit stands. This is flat, dry land – the Deccan Plateau. The further we drive from the city, the wider and flatter the land becomes in all directions: the serene beauty of rural India.

Arunesh shares insights learned in his first three months with Scojo. The vision entrepreneurs need more help than he thought they would – inspiration, motivation, strategic support as well – and it takes a lot of time. Second, the organization is now at a point where it needs to say no to potential partnerships that don’t promise enough business. Third, Scojo is considering other ways to market to the larger distribution points. Increasingly, it seems apparent that pharmacy chains will be far more successful for this than clinics. This hub-and-spoke model for delivering health care – creating nodes of services and products in a highly localized way and connecting each node through the Internet – is so much more flexible and manageable than the constant building of big hospitals, not only in India but through Africa too.

After about an hour and a half, we turn onto a country road past bright green rice paddies and wheat fields. We reach Ramalu, a village of 5,000, mostly farmers. On the edge of the village is a huge field of sunflowers. As we’re staring at its beauty, we realize we’re standing under a tree filled with chattering bats settling down to an afternoon sleep. There is something so soothing about the quality of the sounds, the openness of the sky and vast fields all around us. Life is good.

The village is a cluster of pristine white houses with blue and green doors. Many are decorated, framed by yellow strips with delicate symbols. A number of houses are blessed with elaborate designs left in chalk each morning in front of the entrances. A woman is shoveling mud to mix into cement, and a number of houses are in the midst of construction. Men sweating in the sun stand atop half-finished houses of brick and cement. This is not the poorest of villages, although not a wealthy one either. We estimate that households earn \$2- \$4 a day but this is just a guess – enough to live, with a little bit of disposable income left as well. There are a few sundries shops, a small clinic (the village has a pediatrician but no doctor for adults – the nearest hospital is 50 kilometers away), and we assume there is a school though we don’t see it.

We meet the area’s vision entrepreneur. She is a beautiful woman with her hair pulled into a long ponytail that runs the length of her back. She wears the Scojo blue clinician’s jacket over her lavender salwar kameez. She is 24 years old, married, without children. Her commissions from Scojo sales supplement the meager pay she earns from her full-time employer, a local NGO focused on women’s reproductive health. We ask her

why she works with Scojo, and she explains that she wanted to do something good for the community. At a current sales rate of 20 pairs of glasses a month, she earns an additional \$20 – combined with her full-time earnings, she now is comfortable enough financially to feel she has choices.

We accompany her to a household expecting her visit. She brings her “kit-in-a-box” which includes a 10-foot string to measure the distance needed for eye-testing, both for near- and far-sightedness. The first woman tested needs the glasses and buys a pair. So does a neighbor who comes around. Everyone else stands outside, just watching. The crowd becomes so large that I find it hard to see anything, really. I walk down the dirt road to a sundry shop and tea stand and sit next to a man who looks to be in his late 40s, dressed in a white dhoti with a white turban – farmer’s clothing. He has a handsome, weathered face and an open disposition. I nod hello and just sit for a moment, watching the woman in the kiosk pour tea for an older woman who sits on the ground and peels garlic. I’ve bought two pairs of reading glasses (\$3 each so I have one for myself and one for a friend who is older – so two different strengths).

We don’t share a language in common but I point to the glasses, ask him if he wants to try a pair. He smiles and tries the weaker strength. A Scojo team member comes and translates for me. The man tells us he is 48 and though he’s a farmer, he comes from a family that also does tailoring and he finds he can no longer thread a needle. I ask him if he’s heard of Scojo. He hasn’t although there is a large sign painted on one of the houses in the center of the village (across from a bust of a man with a large plastic bag covering its head. Apparently, the bag will be removed and the bust officially unveiled soon to honor a local official).

He likes the glasses, likes that he can see better. I ask him what he would be willing to pay for such a pair of glasses. He answers “250 rupees” – about \$5.50, a good sign. I tell him the Scojo price of \$3 and ask whether he wants to get his eyes tested. He nods. The Scojo team member shows him the benefits of the glasses – strong frame, good springs, comfortable nose pad. We play with the different strengths and he finds the one that works. He’s not sure about the style though and calls to his friends to help him choose. He then goes into his house, a few meters away, and returns with the money but not before I catch him turning this way and that to check his new look out in the mirror.

I’ve made my first sale. Including the two pairs I bought and the one I sold, the VE sells eight pairs in the hour we are in the village – higher than normal, most likely given the buzz we’ve created. Nonetheless, this focus on targeted areas is yielding better results than the outreach campaigns. Scojo doesn’t want to drop the campaigns entirely, however, looking instead to capitalize on high-volume opportunities. It recently did a campaign in a weaving village of about 500 people and sold nearly 300 pairs of glasses in a single afternoon.

Quick responsiveness and the openness of Arunesh and Raman bode well for Scojo’s success in India. These are two individuals who listen, are willing to try new things and want to do what it takes to make this endeavor successful. I am impressed with what Scojo has accomplished in the past six months. This is a different organization. At the same time, it is critical that we work together to ensure that Scojo is using the right metrics to track not only sales but also the costs of doing business, the jobs created and the incomes provided to vision entrepreneurs.

A challenge faced by Scojo – and many organizations like it – is how to balance its goal of bringing vision-enhancing products to the poor with the goal of job creation. I shared my strong belief with Raman and Arunesh that a clear focus on the former will lead to the latter – but the same is not necessarily true the other way around. If we can help Scojo move from 20,000 units to 250,000 and then millions, there will be enormous benefit generated by increased productivity and quality of lives for every consumer who purchases the glasses. There will be jobs created and income generated. And we will have helped develop a model for delivering a high-quality, low-cost product to the poor. Building the right networks and distribution systems



now, however, is also the best way to protect Scojo from competition in a business with very low barriers to entry, aside from access to distribution networks.

Making hard choices is at the heart of what is needed for NGOs and companies focused on delivering critical goods and services to the poor. We've seen too many times the trap of keeping mediocre programs because they are part of the identity of the organization (or run by someone who is loved or at least highly respected) and not because they are effective. What is exciting – and hopeful – about Scojo is its unrelenting focus and its willingness and openness to listen to new ideas and make tough decisions.

Hyderabad

Acumen Fund office

There is nothing like taking an idea, a dream, and making it real. We visited our new offices in Hyderabad. Walking into the office feels like coming home. Varun has done a great job creating the look and feel of Acumen. We believe in creating a global culture where you will know you are at Acumen Fund whenever you walk into one of our offices anywhere in the world. We're on our way to creating a global team and a world-class, truly global organization.



We meet Savitha, our new water portfolio associate, who fits right into the culture. She is bright and articulate and passionate about the work. She tells me that she's been watching the story of the activist on a hunger strike to protest a dam in western India. "I cannot stop watching the story," she tells me. I keep thinking that instead of just shouting and fasting, our job is to learn how to deliver clean water, what it costs and what kind of time it will take to change people's behavior around water. Then we can show the world, "Look, we can do this, we can make this happen." That is indeed the hope at Acumen Fund. We also spoke about the need to have many different kinds of messengers and approaches to waking the world up about the environmental and human crises facing all of us. Ours is an important voice, but it is just one.

We then meet with Srinivas Chary, Director of the Centre for Energy, Environment, Urban Governance and Infrastructure Development. A young guy, he was recently made an Ashoka Fellow and knows his business. Chary has made a name for himself pushing the notion of water 24/7 for everyone. He believes the only way India can get there is by working with government and working with market forces; he intends to make this happen while he is still around to do something about it.

The current perception around water in India, he tells us, is that nothing works now and never will in the future. At the same time, he believes great progress is being made – it just isn't perceived to be in the interests of politicians to point to successes, especially if they might tarnish the golden cow promising free water and insisting that no one will pay. Chary reminds us that 40% of Indians – more than 400 million people – have little or no access to clean water supplies. At the same time, he says, many places, especially urban centers, have enough water for the poor – the question is one of allocation of assets. The answer is not free water but accessible, clean water that is universally available – this is what people ultimately want.

According to Chary, in urban areas, the problems start with the cities' failure to deliver water to anyone. Hyderabad has the capacity to produce more water per capita than Paris. Delhi can produce twice what London does. In Hyderabad, middle-class people receive water only one hour of water every two days. They have to supplement this either with their own rainwater harvesting units or, more typically, by buying water to supplement what the city provides. The poor receive much less – twenty minutes or so of water ever two or three days. In areas like the community Heritage, one of our investments, is trying to serve, the poor

receive no water at all, for the city tankers won't risk puncturing their tires day after day as they try to make it through the terrible streets.

The issue in some (but not all) of the cities in India is not one of quantity but of smart allocation of resources. Using a combination of pricing and other incentives, individuals could be encouraged to use less water than is used today while ensuring higher quality water that is infinitely more accessible than today.

In the evening, Varun and his wife Mili host our Acumen Fund Fellows Candidates' dinner. There are four candidates with us along with two Scojo representatives, Cate, Varun, Savitha, Sarita and Eric Cantor, who has been leading the selection process of fellows and is also traveling with us to help understand the technology opportunities and needs of our different investments. Having different parts of our community together is powerful. Here we are in Hyderabad, feeling we are at home, being at home, seeing these wonderful young individuals who have made it to the final round of the Fellows selection process. They are from Pakistan and Bangladesh, India and the United States, and are filled with the pragmatic idealism that characterizes so many in this next generation. We talk about their lives, their dreams and about the Acumen Fund culture. By the end of next week, we will have had six dinners in five countries, interviewing 35 individuals out of a total of 600 applicants from 52 countries. This is a global world, a flat world, and when you see the faces of these young people, the world has never felt more exciting.

Jacqueline Novogratz