

The Blue Sweater Teaching Guide

A Note from Jacqueline Novogratz

Dear Instructors:

Thank you for using *The Blue Sweater* as a teaching tool for your class. The book tries to approach some of development's tougher issues through a personal lens. I hope it can be the beginning of a broader conversation around the innovation and experimentation needed to bring dignity to low income people.

This teaching guide is designed to facilitate instruction of *The Blue Sweater* by highlighting and organizing its key themes, summarizing each chapter, and providing suggested discussion questions. It also includes supplemental readings to broaden students' understanding of leadership and development themes beyond *The Blue Sweater*.

My deepest gratitude goes to John McKinley, a Master's Candidate in International Affairs at Columbia University, for his leadership in developing this teaching guide and to Aaron Kinnari for his work on its graphic design. I would also like to thank Moses Lee, Academic Program Manager and Lecturer at the Center for Entrepreneurship at the University of Michigan, C. Sara Minard, Associate Professor of International Affairs at Columbia University, and Debbi D. Brock, Assistant Professor of Entrepreneurship at Anderson University, for their guidance and review. It's a true privilege to know that each of your voices is represented in this guide.

In a world where neither charity nor the market alone have solved the big problems of poverty, my hope is that patient capital provides a different approach - one that can inspire provocative new thinking on how to conquer some of the most complex and critical challenges of our time. Thank you again for using *The Blue Sweater* to help spark those conversations in your classroom.

Very warmly yours,



Jacqueline Novogratz
CEO, Acumen Fund

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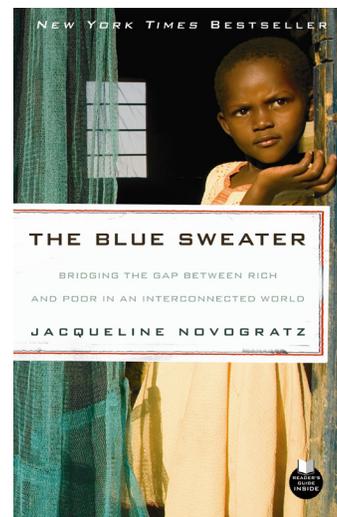
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Key Learning Objectives:

1. Understand “patient capital,” a model that makes disciplined investments – loans or equity, not grants – that yield both social and financial returns, and its role in poverty alleviation.
2. Develop the capacity for moral imagination – the ability to put oneself in another person’s shoes – to think strategically about building businesses that serve the poor.
3. Identify, discuss and debate the challenges and opportunities for social entrepreneurship and new financial models for change in an interconnected world.
4. Learn how the market can serve as a listening device for the poor as customers.



Suggested Teaching Modules

The Blue Sweater can be taught at the graduate and undergraduate level. It is well suited for courses related to poverty, social entrepreneurship, international development, and leadership studies. A background in business or international development is helpful, but not required.

The book lends itself well to different teaching modules. Depending on the needs of the course, the book can be taught in its entirety or by chapters and specific themes. To purchase individual chapters, please visit <http://www.copyright.com/view-Page.do?pageCode=ac1-n>.

Teaching Plan for a 60-Minute Classroom Discussion

Activity	Allotted Time
Assign readings.	7-14 days in advance of class (depending on number of pages/chapters assigned)
Discuss overall impressions of the book/ chapter.	10 minutes
Identify key issues, drawing on themes, discussion questions and supplemental readings. Choose one question to debate. (Ex.) What are the advantages and disadvantages of patient capital?	15 minutes
Divide class into two teams to prepare arguments.	5 minutes
Team presentations and debate	25 minutes
Wrap-up discussion by moderator	5 minutes

Teaching Plan for a Half-Day Seminar

Activity	Allotted Time
Assign readings (all chapters).	14 days in advance of class
Discuss overall impressions of the book.	15 minutes
Watch Charlie Rose Interview (link included in Multimedia Resources).	15 minutes
Identify key issues, drawing on themes, discussion questions and supplemental readings. Choose 1-2 questions for groups to discuss.	50 minutes
Divide class into small discussion groups to respond to the question.	5 minutes
Group discussions and presentation of responses	40 minutes
Identify follow-up theme/question to debate.	5 minutes
Class debate (see previous teaching plan for debate outline)	60 minutes
Wrap-up discussion	10 minutes

Themes

The key themes of each chapter are organized into sub-themes within Development Themes and Leadership Themes. The abbreviations are cited parenthetically in each chapter.

Development Themes Summary

Accountability

+ Accountability plays a central role in Jacqueline’s journey. From holding women accountable for repaying loans in Rwanda to accepting shared accountability for our common human values, Jacqueline demonstrates the power of accountability in creating measurable impact and positively transforming human lives.

Business Strategies

+ Business strategies involve using business skills and approaches to deliver services to the poor. These strategies include identifying the right incentives, treating the poor as customers and investing in local entrepreneurs.

Corruption and Other Pitfalls

+The problem of corruption and other pitfalls, including inconsistencies between donor-projects, the market and local needs, are common impediments to developing sustainable solutions to poverty. Jacqueline explores the relationship between poverty and corruption in an effort to understand its sources and to mitigate its negative impact.

Community and Trust

+ Throughout her experiences, Jacqueline learns to foster community and use trust as currency to effect positive social change. The overarching theme of interconnectedness reflects Jacqueline’s belief that we are redefining the geography of community, as we become members of a global community where our action and inaction affects others we may never know or meet.

Government

+ Jacqueline analyzes and questions the role of government to identify how it can best use its resources to serve the poor. Jacqueline ultimately encourages governments to provide the right incentives and infrastructure to facilitate self-sustaining initiatives.

Language

+ Language is important in approaching solutions to global poverty because it affects individual and collective assumptions, expectations and levels of empowerment. From listening to development “experts” describe the poor as “others” to insisting that Acumen donors be called “investors,” Jacqueline highlights the power and pitfalls of language.

Limits of Charity

+ The limits of traditional donor-driven aid and charity are illuminated by Jacqueline’s experiences in *The Blue Sweater*. She frequently sees the costs of good intentions and the ways in which traditional aid and charity creates dependence and systems that reinforce the invisibility of the poor.

Market Matters

+ Markets are important because they provide discipline, efficiency, accountability, and scale. They also serve as a listening device, allowing social enterprises to better understand and respond to the needs of the poor as customers. Jacqueline learns, however, that markets alone cannot solve the problems of poverty as low-income people are often invisible to entrepreneurs.

Patient Capital

+ Acumen Fund, which Jacqueline founded in 2001, uses patient capital to bridge the gap between the efficiency and scale of market-based approaches and the social impact of pure philanthropy. Patient capital is invested as equity and loans in companies that deliver services to low-income consumers.

Women and Development

+ Much of Jacqueline’s career includes working with women and women’s organizations to encourage their economic development and empowerment. Her experiences often substantiate the idea that if you support a woman, you support a family.

Development Themes	Abbrev.	Chapters
Accountability	A	2, 4, 5, 8, 9, 13, 16
Business Strategies	B	3, 5, 8, 13, 14, 15, 16
Corruption/Pitfalls	CP	3, 6, 8, 11, 12, 14
Community /Trust	CT	1, 7, 8, 10, 14
Government	G	6, 9, 15
Language	L	2, 5, 8, 9, 10
Limits of Charity	LC	4, 5, 6, 8, 9, 12, 13, 16
Market Matters	M	1, 3, 4, 6, 8, 9, 12, 13, 14, 15, 16
Patient Capital	PC	13, 14, 15, 16
Women and Development	W	1, 3, 4, 5, 6, 9, 10

Leadership Themes Summary

Acknowledging Failure

+ Jacqueline believes that failure and success go hand-in-hand. She reflects on her failures throughout the book, particularly during her early days in Africa. Without consciously learning from our failures, sustained success will always remain elusive.

Cultural Understanding

+ As a world traveler, Jacqueline often encounters cultural differences. For her, leadership in international development means understanding how to build solutions to poverty that respect various cultural contexts, recognizing that all people have something to contribute.

General

+ Leadership is also discussed in many other contexts throughout *The Blue Sweater*. The abbreviation “GE” signifies a general leadership theme in any given chapter.

Listening and Empathy

+ Having the patience to listen to others – particularly those we aim to serve – is central to Jacqueline’s idea of leadership in *The Blue Sweater*. Listening is an act of empathy, a state of quiet action in which we seek to understand how others think and hope to live their lives.

Living with Inconsistencies

+ Jacqueline often describes the challenges and nuanced questions that arise while trying to reconcile her own privilege in the face of poverty. She also confronts the uncomfortable reality that we each have angels and monsters within us, as she learned through the Rwandan Genocide. In confronting these issues, Jacqueline starts a conversation about how to be secure with oneself, to not take privilege for granted, and to maximize our internal angels while minimizing our internal monsters.

Optimism/Resilience

+ In *The Blue Sweater*, leadership is as much about attitude as it is about skill. Jacqueline’s journey – and the journey of so many people she meets along the way – is a testament to the power of optimism and resilience. Jacqueline is consistently amazed by the resilience of the human spirit to endure great suffering while embracing joy and optimism for the future.

Self-Awareness

+ Self-awareness is critical for leaders, both on a personal and professional level. Throughout the book, Jacqueline seeks to understand her own strengths and weaknesses and those of the organizations with which she works. She often steps back to reflect on her decisions.

Leadership Themes	Abbrev.	Chapters
Acknowledging Failure	AF	2, 5, 6, 9, 11
Cultural Understanding	CU	2, 3, 4, 7, 9, 12, 15, 16
General	GE	1, 4, 5, 7, 10, 13, 14, 15, 16
Listening/Empathy	LE	5, 16, 4, 5, 8, 9, 10, 14, 15, 16
Living with Inconsistencies	LI	7, 9, 10, 11
Optimism/Resilience	OR	1, 6, 10, 16
Self-Awareness	SA	2, 3, 6, 8, 9, 11

Multimedia Resources

Videos

- + **TED talks by Jacqueline Novogratz:**
 - An Escape from Poverty (7:33): <http://www.youtube.com/watch?v=oDo6XPtmLZY>
 - TED@State 2009, A Third Way to Think about Aid (17:05): http://www.ted.com/talks/jacqueline_novogratz_a_third_way_to_think_about_aid.html
- + **Jacqueline’s interview with Charlie Rose** (14:47): <http://www.charlierose.com/view/interview/10176>
- + **PBS feature on Acumen Fund: Investors help bring sanitation to Kenya’s Poor** (6:27): <http://www.pbs.org/newshour/video/module.html?s=news01s3e29qe76>
- + **CNBC “What the Future” feature on Jamii Bora and Ecotact, two of Acumen Fund’s investments in Kenya** (approx. 25 min): <http://www.whatthefuture.tv/vids/ChoiceNotCharityPart1of3.html>
- + **Acumen Fund, Imagine a World** (3:14): <http://www.youtube.com/watch?v=hGJMIMYIh4>

Radio

- + **Jacqueline talking about and reading from *The Blue Sweater* on Minneapolis Public Radio** (30 min): <http://minnesota.publicradio.org/display/web/2009/06/17/midday3/>
- + **Jacqueline on Speaking of Faith with Krista Tippett, American Public Media** (53:09): <http://speakingoffaith.publicradio.org/programs/2010/different-kind-of-capitalism/>

Photos

- + **Album of photos from *The Blue Sweater*:** <http://picasaweb.google.com/weiwaihsing/BlueSweaterPhotos?authkey=Gv1sRgCLGVtdb8lpDIZA#>
- + **Sets of photos of Acumen Fund investee organizations:** <http://www.flickr.com/photos/acumenfund/sets/>
- + **Jacqueline’s journal entry on poverty, 1988:** <http://community.acumenfund.org/page/original-journal-entry>

Chapter 1: Innocent Abroad

Development Themes

1. Women and microfinance (W)
2. Wealth disparity: poor as outsiders (CT)
3. Extending basic services to the poor (B,M)

Leadership Themes

1. Living in an interconnected world: action and inaction matter (GE)
2. Enduring great suffering: holding on to joy and optimism (OR)

Discussion Questions

1. What does the story of Jacqueline's blue sweater represent? What does it mean to live in an interconnected world?
2. Jacqueline views the street kids in Brazil as the "embodiment of the poor as outsiders." (p.8). What does this mean?
3. Why don't women traditionally get bank loans in some countries? What are the benefits of extending a basic service like the bank account that Jacqueline helps Marcelina open in Kenya?

Supplemental Readings

1. Collier, P. (2007). *The bottom billion: Why the poorest countries are failing and what can be done about it*. Oxford University Press.
2. Yunus, M. (2010). *Creating a world without poverty: Social business and the future of capitalism*. Perseus Book Group.
3. Collins, D., Murdoch, J., Rutherford, S., & Ruthven, O. (2009). *Portfolios of the poor*. Princeton University Press.

Chapter 1 Summary

- + Jacqueline recounts an incident that occurred in high school while she was wearing her favorite childhood sweater, a gift from her uncle. The soft blue wool sweater had an African motif across the front with two zebras walking in front of snowcapped Mount Kilimanjaro. While discussing an upcoming ski trip, a boy yells in front of the high school football team, "We don't need to go anywhere to ski...We can do it on Mount Novogratz." Mortified, Jacqueline marches home and informs her mother that the sweater has to go. They drive to the Goodwill and ceremoniously dispose of the sweater. She thinks she will never see it again. [p.1-2]¹
- + The story fast-forwards to 1987 when Jacqueline is 25 years old and in Rwanda helping establish a microfinance institution for poor women. She is jogging through the streets of Kigali when a young boy walks towards her wearing the blue sweater. She approaches the boy, flips his collar and finds her name written on the label. [p.2-3]
- + The story of the blue sweater reminds Jacqueline of how we are all interconnected. "Our actions – and inaction – touch people we may never know and never meet across the globe." It also gives her a renewed sense of purpose in Africa as she seeks to understand what stands between wealth and poverty. [p.3]
- + For three years after college, Jacqueline works in the Credit Audit group at Chase Manhattan Bank, traveling the world to review the quality of the bank's loans in troubled economies. [p.6]
- + While working in Rio de Janeiro, Jacqueline experiences extreme poverty alongside extreme wealth like never before and recognizes that the street kids in Brazil are the perfect embodiment of the poor as outsiders – as "throwaway people in a world that didn't want to see them." [p.7-8]
- + Jacqueline suggests to her boss at Chase that the bank provide loans to Brazil's poorest working class. Her boss rebuffs these ideas, citing the poor's lack of collateral, the high transaction costs of making small loans, and the culture of poverty argument, insinuating the poor would not repay the loans. [p.8]
- + Determined to use her new skills to help the poor, Jacqueline accepts a position to serve as an ambassador to African women in an office of the African Development Bank. She would be based in Cote d'Ivoire, but her first few days would be at a conference in Nairobi. [p.8 – 12]
- + Jacqueline flies to Nairobi and the women make it very clear to her that she is neither wanted nor needed in Africa. [p.15]
- + During these first few months in Africa, two experiences in particular change the way Jacqueline thinks about the world.
 - + First, she befriends a young Kenyan woman named Marcelina and helps her open a bank account for the first time. Jacqueline begins to see what it means to extend basic services to people who are often invisible to those in power. [p.17]
 - + Second, during a visit to Uganda shortly after its destructive civil war in 1986, Jacqueline is awestruck by the Ugandans' resilience and ability to endure suffering while embracing joy and optimism for the future. [p.19]

¹ All page numbers refer to the 2009 paperback edition.

Chapter 2: A Bird on the Outside, A Tiger Within

Development Themes

1. Assumptions and expectations affect the treatment of people (L)
2. Language matters in approaching the problems of global poverty (L)
3. Accountability in non-profit organizations (A)

Leadership Themes

1. Dignity goes both ways: know yourself before you help others (SA)
2. Inclusive leadership (CU)
3. Limits of good intentions (AF)

Discussion Questions

1. Jacqueline's colleagues in Côte d'Ivoire tell her that they like her, but hate what she represents: "The North comes to the South and sends a white woman..." (p.28). Do you think this tension is common between donor and recipient organizations? How can it be avoided or minimized, if at all? How might donor organizations change their approach to development? How might recipient countries change theirs?
2. What does Jacqueline mean when she says compassion is not enough with regard to her work in Africa? What else does she need to be effective? Is compassion different from empathy?
3. How would you have handled the situation in Kenya with the "missing" report?

Supplemental Readings

1. Greenleaf, R., & Spears, L. (1977). *Servant leadership: A journey in the nature of legitimate power and greatness*. Paulist Press.
2. Heifetz, R., Linsky, M., & Grashow, A. (2009). *The practice of adaptive leadership: Tools and tactics for changing your organization and the world*. Harvard Business Press.
3. Appiah, K.A., & Gates, H.L. (2007). *Cosmopolitanism: Ethics in a world of strangers (Issues of Our Time)*. W.W. Norton & Company.

Chapter 2 Summary

- + Jacqueline arrives in Côte d'Ivoire to begin her assignment at the African Development Bank (ADB). The women who had rejected her at the Nairobi conference meet her at the airport and visibly convey their displeasure with her taking such an important position at the ADB. [p. 20-22]
- + Côte d'Ivoire becomes a place where just walking down the street fills Jacqueline with questions about justice and compassion,

power and money, and the randomness of where we are born and how much that determines who we become. [p.23]

- + During her first weeks in Côte d'Ivoire, Jacqueline encounters several challenges with her colleagues who refuse to introduce her to anyone, blame her for others mistakes, and often treat her as their secretary. [p. 25]
- + A Nigerian woman at the ADB explains to Jacqueline that the other women are treating her this way because she is standing in the way of their power. She warns Jacqueline to avoid drinking or eating in front of them as they have talked about poisoning her to teach her a lesson. [p.25 - 26]
- + Despite these warnings, Jacqueline tries to avoid recognizing any looming threats. Two weeks later, following a reception, Jacqueline becomes violently ill for three days.
- + Jacqueline decides it's time for her to leave Côte d'Ivoire. [p. 27]
- + During a meeting to inform her colleagues that she is leaving, Jacqueline asks them why they treated her so poorly. Aisha explains they like her very much, but they hated what she represented: "The North comes to the South and sends a young white woman without asking us what we want, without seeing if we already have the skills we need." [p. 28]
- + Jacqueline feels a shift deep within her and remembers an African friend had once told her to learn to be a bird on the outside and a tiger within. Jacqueline finally understands: In order to contribute to Africa, she would have to know herself better and be clearer about her goals while taking Africa on its own terms. Compassion was not enough. [p.28-29]
- + Jacqueline returns to Kenya in early 1987 and analyzes the loan portfolio at a fledgling women's microfinance organization. After hundreds of hours of tedious work, Jacqueline presents her findings, indicating that over 60 percent of the portfolio is in arrears. A week later, the director apologetically informs Jacqueline that the report is missing. Feeling helpless and unable to make things work, Jacqueline reflects on how to build accountability into non-profit organizations. [p.32-34]
- + Veronique, a woman Jacqueline first met at the conference in Nairobi, shows up at Jacqueline's office and informs her that she would like Jacqueline to help study whether it makes sense to start a credit program for women in Rwanda. Jacqueline accepts the offer and heads to Rwanda a week later. [p. 35]

Chapter 3: Context Matters

Development Themes

1. Employing appropriate methods and technologies to the development context (B)
2. Support a woman, support a family (W)
3. Theory vs. practice (B, M)
4. Expatriates as “experts” (CP)

Leadership Themes

1. Power of expectations (CU, SA)
2. Danger of viewing people as “others” (CU)

Discussion Questions

1. How would you define “expert”? Why doesn’t Jacqueline like the word “expert” in reference to development? What makes her uncomfortable at the dinner with the expatriates?

2. What are the differences between theory and practice in the debate to charge interest on microfinance loans? Do you agree with the decision to charge the women interest? What are the limits or risks of microfinance loans? Today, effective annual interest rates for micro-finance can be as high as 90%; and a new debate rages around whether this is a form of usury or a way to meet market needs. What do you think? Is there a point at which microfinance is ineffective at poverty alleviation?

3. Jacqueline asserts that if you support a woman, you support a family. What does she mean? Do you agree?

Supplemental Readings

1. Kristof, N., & WuDunn, S. (2010). *Half the sky: Turning oppression into opportunity for women worldwide*. Vintage.

2. Wainaina, B. (Winter 2005). How to write about Africa. GRANTA 92.

3. Griffith, P. (2003). *The economist's tale: A consultant encounters hunger*. Zed Books.

4. Tripathi, S. (2006, October 26). Microcredit won't make poverty history. *The Guardian*.

5. Karnani, A. (2007). The mirage of marketing to the bottom of the pyramid: How the private sector can help alleviate poverty. *California Management Review*, 49(4), 90-111.

Chapter 3 Summary

- + Jacqueline arrives in Kigali, Rwanda and meets the director of UNICEF’s Rwanda office, who informs her that she is to determine whether a credit system for women is feasible, and if so, to help design a financial institution for women. [p. 36-39]

- + Early into her stay in Rwanda, Jacqueline is invited to dinner with other expatriates. During dinner, the expats regale Jacqueline with stories about mishaps with hired maids and cooks. Jacqueline finds the stories about “these people” demeaning and tiring. [p. 41]
- + After reflecting on the dinner conversations the next day, Jacqueline is most bothered by some of the expatriates who had put low-income Rwandans in another category altogether - a box marked “other.” She realizes she doesn’t like the word “expert” when it comes to development. [p. 41- 42]
- + By providing loans to women, rather than handouts, Jacqueline wants to signal high expectations for them and give them the chance to do something for their own lives rather than waiting for the “experts” to give them what they may or may not need. Jacqueline also begins to see that if you support a woman, you support a family. [p.42]
- + The question for Jacqueline becomes whether Rwanda is ready for micro-credit. To answer these questions, Jacqueline begins meeting with government ministers and aid workers as well as local women in Kigali’s markets. [p.43-44]
- + Through these meetings, a key question emerges: should they charge interest to the women?
- + When Jacqueline goes to the markets and speaks with women themselves, there is much excitement about the possibility of a program that would lend to them at a fair interest rate.
- + Inspired by the excitement of the women in the market, they name the new microfinance organization *Duterimbere*, which means to go forward with enthusiasm.
- + Ultimately, they decide to charge interest at near-commercial bank rates.
- + The organization receives much needed political support from the three most powerful women in government: Prudence, Agnes and Constance.
- + They ask Rwandan women to contribute some of their own money, despite being told by the “experts” that women were too poor to give anything.
- + Within months, they register Duterimbere, sign off on bylaws, create a board, and raise local capital. They are ready to go. Now they need to determine how to make loans – and how to get the money back. [p.53]

Chapter 4: Basket Economics and Political Realities

Development Themes

1. Money as power for women (W, M)
2. Mission drift: challenges of integrated solutions (B, LC)
3. Markets as a listening device (M)
4. Accountability (A)

Leadership Themes

1. Creating a culture of no excuses (CU, GE)
2. Finding the right incentives (GE)

Discussion Questions

1. Would you have haggled for the baskets to the fair market price or paid the asking price, as Jacqueline did? What motivates your decision? What did you learn from this exchange?
2. Did Jacqueline and her colleagues handle the situation with Agnes appropriately? What else could or should they have done? Have there been situations where you have had to “speak truth to power”? If so, what have they been? What did you learn from them?
3. What caused the rice trader’s switch in attitude about repaying the loan? How would have you handled the situation?

Supplemental Readings

1. Bertrand, M., Mullainathan, S., & Shafir, E. (1994). A behavioral-economics view of poverty. *American Economic Review*, 94.
2. Zadek, S. (1998). Balancing performance, ethics, and accountability. *Journal of Business Ethics*, 17 (13), 1421-1441.

Chapter 4 Summary

- + Duterimbere holds its first board meeting and Agnes is elected executive director. [p.54]
- + In the early days, Jacqueline and her colleagues spend a lot of time in the markets listening to the women to understand why they would want to borrow money.
 - + Most are interested in expanding their small businesses.
 - + Jacqueline realizes there are still many economic barriers for women. She hopes to help them break these down. [p.58]
- + Overall, money is scarce in the marketplace, though women still manage to save through traditional groups known as tontines,

where half a dozen women would each contribute \$1 every time the group met, with one group member collecting the total amount. This indicated the women were capable of saving and borrowing. [p.59]

- + Several donor agencies express interest in supporting Duterimbere, but Jacqueline knows that it ultimately has to be a Rwandan organization. [p.60].
- + During the first year, Jacqueline and her colleagues at Duterimbere confront the issue of women failing to repay their loans. In figuring out how best to handle the situation, Jacqueline and her colleague, Liliane, realize they have to show the women that they care by requiring them to repay the loans on time. There would be no room for excuses. They wanted to hold these women accountable even if the rest of the world didn't. [p.61]
- + Constance is killed in a hit and run accident. Afterwards, Jacqueline feels that she really grows up, realizing life is “neither as easy nor free” as she had imagined. [p.62]
- + While in the market one day, Jacqueline happens upon two women selling handmade baskets and begins haggling over their price. The women insist on selling them at 1000 francs (\$10) and Jacqueline refuses to pay more than the equivalent of \$6. The women stay firm, refusing to take a sale from one another and citing the education expenses they must pay for their children. Ultimately, Jacqueline swallows her pride and gives them both \$10, realizing she isn't teaching or proving anything in the conversation. [p.66]
- + Through this experience, Jacqueline is reminded that markets are about finding willing sellers and buyers and that we often don't know the incentives and constraints within which people are operating. [p.66]
- + Amidst the rapid expansion of Duterimbere, accountants discover that Agnes had likely stolen \$3,000 from the organization. After much discussion, the Board decides they must hold Agnes accountable for the lost money, even if she hadn't taken it, and ask for her resignation. To help Anges save face among her constituents, Jacqueline and her colleagues suggest that this work was too burdensome for a parliamentarian. [p.71]

Chapter 5: The Blue Bakery

Development Themes

1. Local tension with expert expectations: "It's just not done here." (L)
2. Women and local ownership (B, W)
3. Business models vs. aid models (B, A, LC)

Leadership Themes

1. Empowering local entrepreneurs (W, GE)
2. Learning to listen to the needs of others (LE)
3. Acknowledging failures and adapting (AF)

Discussion Questions

1. Why does Jacqueline insist that the bakery run more like a business and less like an extension of a donor project? What are the differences between the two approaches?
2. Why is it important for the Rwandan women to feel that the bakery is their own? What else could Jacqueline have done to instill a sense of ownership among the women?
3. At this point, do you think the Rwandan women are running the bakery as their own? Has ownership been successfully transferred, and how would you determine this? How long should it take for transformative change to occur in individuals? Institutions?
4. Jacqueline learns that listening is about having the patience to wait and learning how to ask the right questions. What does this mean? What questions could Jacqueline have asked to better listen to the women's choice of paint color? Does it matter?

Supplemental Readings

1. Sen, A. (1999). *Development as freedom*. New York: Anchor Books.

Chapter 5 Summary

- + In spending time in the markets of Kigali, Jacqueline finds that very few businesses hire more than one woman, if any. She begins asking around if there are any companies that create jobs for women. She is curious about what it takes to build a business in Rwanda. [p.72]
- + Jacqueline is directed to a group of single mothers working on a baking project that was organized by the Ministry for Family and Social Affairs. The group of 20 women makes and sells baked goods at government offices in town and sews dresses and crafts on order. [p.73]
- + In concept, Jacqueline likes the idea of this business, but she immediately realizes that it is run less like a business and much

more like an extension of a donor project without regard to financial sustainability. [p.74-76]

- + Jacqueline agrees to help if they agree to drop the charity subsidies and run it like a real business. Her primary goals are to increase sales and cut costs. [p.77]
- + It becomes apparent that many of the women are keeping the money they collect. To show the women that she cares, Jacqueline designs a simple accountability mechanism: The women would earn a base wage and commission for each item sold, creating an individual incentive to honestly report sales. [p.80]
- + After several months, the business becomes profitable, but the women lack a sense of ownership; they don't yet feel this is their business. Over time, the women internalize that the success of the business depends on them. With the sustained success of the business, indicated by its increasing number of customers, the women receive approval to turn a little house into a real bakery. [p.83-84]
- + The first task of creating the bakery is to pick a paint color for the walls. Jacqueline refrains from providing her own suggestions and encourages the women to choose a color for themselves. Week after week, the women cannot decide. Finally, after the third week, Jacqueline asks, "what about blue?" The women express great excitement and enthusiasm for blue and they happily and energetically paint the small building with bright blue paint. [p.84-85]
- + After the bakery is painted and the women are admiring the new color, Jacqueline notices that one of the women is not smiling. She inquires and learns that the woman is upset because their color is green, not blue (they wear green gingham uniforms). [p.85]
- + Despite her best efforts to listen, Jacqueline begins to understand that she could have listened better, as listening is not just having the patience to wait, it is also learning how to ask the right questions. [p.86]
- + Within eight months, the women are earning \$2 a day, which is four times more than when they started. For the first time, these women's incomes allow them to decide when to say yes and when to say no. "Money is freedom and confidence and choice. Choice is dignity." [p.87]
- + The story of the bakery is one of human transformation that comes with being seen, being held accountable and succeeding. Jacqueline observes these women acquire a sense of dignity once they were given tools for self-sufficiency. [p.88]

Chapter 6: Dancing in the Dark

Development Themes

1. Corruption and poverty (CP)
2. Inadequacies of donor-funded projects and governments to meet local needs (CP, G, LC, W)
3. Balancing partnerships through market mechanisms (M)

Leadership Themes

1. Finding laughter and joy in difficult circumstances (OR)
2. Humility vs. ambition (SA)
3. Limits of good intentions (AF)

Discussion Questions

1. What are some of the costs of good intentions that Jacqueline observes while traveling around Kenya reviewing donor-funded women's projects?

2. What do you think are the main causes of corruption? Is corruption different in developing vs. developed countries? What role does corruption play in the donor-funded projects? What role do donors and investors have in ending corruption?

3. How do the gaps between the donor-funded projects and the needs of the local community generate low expectations and mediocre results, as Jacqueline observes?

4. Is it enough to point out what isn't working? How does Jacqueline propose to reform the UNICEF program? How would you propose changes?

Supplemental Readings

1. Prahalad, C.K. (2006). *The fortune at the bottom of the pyramid*. Wharton School Publishing.

2. Werhane, P.H., Kelley, S.P., Hartman, L.P., & Moberg, D.J. (2009). *Alleviating poverty through profitable partnerships: Globalization, markets, and economic well-being*. Routledge.

Chapter 6 Summary

- + After contracting malaria, Jacqueline learns that her partner at the bakery wants her to slow down because she thinks the business may rely too heavily on Jacqueline's efforts and not enough on the women's own hard work. "We need to bring all of the women with us and not run too far ahead of them." [p.90]

- + Jacqueline begins a new project with UNICEF in Nairobi, traveling there from Kigali every two months to work with women in slums on enterprise development. Specifically, she is hired to review donor-funded women's projects and recommend changes, if any are needed. [p.96]
- + While traveling around Kenya reviewing women's programs with her colleague from UNICEF, Mary Koinage, Jacqueline sees countless examples of well-intentioned projects gone wrong: maize mills in disrepair because locals weren't trained to fix them, or schools that remain empty because good-hearted people failed to account for the cost of hiring and supporting teachers for years – not months. [p.98]
- + During their visits, Jacqueline and Mary identify systemic corruption within the government grant-making process: district level government officers would regularly require kickbacks as large as 20% from the women's groups that had been awarded a government grant for a project in the district. [p.100]
- + In her final report, Jacqueline focuses on the good intentions and the few successes, but ultimately concludes that the donor-funded women's programs she reviewed cost more than they benefitted people. [p.104]
- + Through this experience, Jacqueline realizes there is a significant gap between government or donor-driven projects and the needs of the local communities. If the women had been given the chance to borrow for a project they believed would generate income, they would have provided a better feedback loop for both women and donors. Instead, the system festered under low expectations and mediocre results. [p.105]

Chapter 7: Traveling Without a Road Map

Development Themes

1. The importance of trust: what is it and how does it play a role? (CT)
2. Striking a balance between justice and an open society (CT)

Leadership Themes

1. Reconciling privilege in the face of poverty (LI)
2. Being respected vs. liked (GE)
3. "Missionaries, mercenaries, misfits" (p. 109) (CU, LI)

Discussion Questions

1. Do you agree with Prudence that it is more important to be respected than liked? What does this mean in the context of development work?

2. How would you suggest handling the situation with Innocent? What motivates your suggestion? How would you strike a balance between seeking justice and nurturing the development of an open society; between the realities of poverty and the right to private property?

3. Should Jacqueline feel guilty for purchasing champagne that costs more than most people in Rwanda earned in a year? How would you suggest reconciling privilege in the face of poverty? Do they need to be reconciled?

Supplemental Readings

1. Rasna, W. (2008). *Missionaries, mercenaries, and misfits: An anthology*. AuthorHouse.

2. Fukuyama, F. (1996). *Trust: The social virtues and creation of prosperity*. Free Press.

3. Kanbur, R. (2010). Poverty professionals and poverty. Cornell University: <http://www.kanbur.aem.cornell.edu/papers/ChambersFestschrift.pdf>

Chapter 7 Summary

- + Back in Kigali, Jacqueline learns the true value of trust after her guard, ironically named Innocent, steals all of her belongings from her home. [p.107-109]
- + In confronting Innocent, Jacqueline is unsure of how to handle the situation. She knows if she calls the police, Innocent may suffer far worse punishment than he deserves, but she also knows she could not simply ignore the incident. Ultimately, she decides to fire Innocent without calling the police. [p.110-111]

- + At the office, Jacqueline's colleague Prudence suggests that Jacqueline made a big mistake by not calling the police because it gives the impression that she is too soft and was taken for a fool. "In Rwanda," Prudence explains, "it is more important to be respected than liked, maybe everywhere in fact." [p. 111]
- + Jacqueline later witnesses the murder of a man accused of stealing from a house. Guards had alerted each other and chased the man down, beating him in front of children. Although Jacqueline realizes she made the right call by not informing the police about Innocent, she continues to grapple with finding a balance between the quest for order and the human craving for freedom. [p. 112-113]
- + After two years of working in Rwanda, with the bakery up and running, Jacqueline decides that it is time she leaves Africa. Her work is done. [p. 113]
- + To celebrate what she's accomplished during her time in Rwanda, Jacqueline's friend Charles suggests they make a fancy dinner and drink champagne. Jacqueline hesitates when she sees that each bottle of champagne costs \$60 – more money than most Rwandans make in a year. Feeling ashamed of such decadence, Jacqueline and Charles discuss how to reconcile the inconsistencies of privilege and poverty. They agree that rather than feeling guilty, they should never take their privilege for granted and use it in a way that serves the world. They decide to buy the champagne. [p. 115-116]
- + Jacqueline applies to business school to get a better understanding of management and how to build businesses, which she thinks are missing elements when it comes to helping the poor. [p.116-120]
- + Before leaving Africa, Jacqueline and her friends climb Mount Nyiragongo. While climbing – and barely surviving the grueling trek – Jacqueline realizes she had come to Africa similarly unprepared, without a road map, tools, sufficient gear, or protective layering. The mountain, like Africa, beat her, tested her and tested her some more. Ultimately, it leaves her wanting more. [p. 126]

Chapter 8: A New Learning Curve

Development Themes

1. Finding the right incentives for success and investing in local leaders **(B)**
2. Inclusive capitalism **(B, L)**
3. Community: what is it? **(CT)**
4. Measuring progress **(A)**
5. Limits of traditional aid and charity **(LC, CP)**
6. Aid workers and market-based solutions: how to make the transition **(B, LC, M)**

Leadership Themes

1. "Focus on being more interested than interesting." (p. 138) **(SA)**
2. Walking on two legs **(LE, SA)**

Discussion Questions

1. Why do you think Jacqueline's idea to develop local credit and distribution systems to address the issues of local farmers fell on deaf ears? What could she have done differently to market this proposal?

2. Do you agree with John Gardner's assertion that one should root themselves in their own country before they can be effective internationally? What does this mean in practice?

3. John tells Jacqueline that "commitment will set you free." Do you agree with him? What examples in your own life underscore this?

4. In the context of delivering critical services to the poor, how can you translate walking through the world with wisdom, as the monk describes, into action?

Supplemental Readings

1. Gardner, J. (1995). *Self-Renewal: The individual and the innovative society*. W.W. Norton & Company.

2. Easterly, W. (2006). *White man's burden*. Penguin Press.

3. Hancock, G. (1994). *The lords of poverty: The power, prestige, and corruption of the international aid organization*. Atlantic Monthly Press.

4. Storper, M. (2008). Community and economics. In A. Amin and J. Roberts (Eds.), *Organising for Creativity: Community, Economy and Space* (ch.3), Oxford University Press.

Chapter 8 Summary

- + After celebrating the success of Duterimbere in Rwanda, Jacqueline returns home to Virginia and learns that she has been accepted to Stanford Business School. [p. 126-128]
- + In the nine months before business school starts, Jacqueline

secures a contract with the World Bank to focus on women and agriculture in Gambia. She is tasked to work with Gambia's Department of Agriculture and review and complete a proposal for a \$15 million soft loan package. [p.128]

- + During her review, Jacqueline observes the textbook pitfalls of traditional aid, including \$1 million maize mills in disrepair because no one is trained to fix them. [p.130]
- + A project that experiments with selling fertilizer to women on credit, however, stands out to Jacqueline and she proposes this as the best option to promote the private sector while helping farmers. This proposal falls on deaf ears and is not implemented. [p. 131-133]
- + Although frustrated by the experience in Gambia, it reaffirms Jacqueline's belief in building business structures with the right incentives for success, and finding real business leaders, and giving them the tools they need to serve their fellow citizens. [p.134]
- + Jacqueline arrives at business school eager to gain the management skills needed to build good companies in the developing world. [p. 135]
- + She meets Professor John Gardner, who becomes a life-long mentor. They frequently discuss the value of building and fostering community. [p.138]
- + Encouraged by John, Jacqueline accepts a fellowship position at the Rockefeller Foundation following business school. In this role, she explores enterprise-development strategies for low-income communities in the United States. [p. 138]
- + While Jacqueline is working at the Rockefeller Foundation, she observes the power of business to use discipline and rigor to identify solutions that can bring independence and choice to people previously considered invisible. [p.139]
- + Following the fellowship, Jacqueline starts the Philanthropy Workshop at the Rockefeller Foundation through which she trains a corps of philanthropists and provides them with the skills, knowledge and networks to tackle complex problems. [p. 141-144]
- + During a trip to Cambodia with the Philanthropy Workshop, Jacqueline meets a Buddhist monk who quietly explains, "If you move through the world with only your intellect, you walk on one foot. If you move through the world with only your compassion, you walk on only one foot. But if you move through the world with both intellect and compassion, you walk with wisdom." Jacqueline thanks him and walks out of the temple and into the light. [p. 144-145]

Development Themes

1. Women's empowerment (W)
2. Role of government when private sector and non-profits fill service delivery gaps (LC, G)
3. What market mechanisms don't tell us (M)
4. Majority vs. minority world-views (L)
5. Accountability (A)

Leadership Themes

1. Enduring violence without blaming the culture or yourself (CU, SA, OR)
2. Reconciling privilege in the face of poverty (LI)
3. Moral imagination (LE, SA)
4. Learning to be true to self (SA, AF)

Discussion Questions

1. What role does Jacqueline think the government should play in supporting self-sustaining initiatives? Do you agree or disagree with her conclusions?

2. Does privilege automatically disqualify a person from effectively running a program that serves the poor?

3. What does Jacqueline mean when she says leadership requires 'moral imagination'? What does this term mean to you and how can it be implemented?

4. How should we think about diversity when building organizations? When does it strengthen organizations? Can its pursuit ever weaken them?

Supplemental Readings

1. Lederach, J.P. (2010). *The moral imagination: The art and soul of building peace*. Oxford University Press.
2. De Soto, H. (2003). *The mystery of capital*. Basic Books.

Chapter 9 Summary

- + A former UNICEF colleague asks Jacqueline to come to Tanzania for a month to review a microfinance program. She agrees to help and heads to Dar es Salaam. [p. 146]
- + Once there, Jacqueline discovers that the program is far from successful, hardly moving anyone out of poverty. In her report, *The Cost of Good Intentions*, Jacqueline notes that women, particularly in rural areas, needed better jobs and greater access to critical services like health care and education for themselves and their children.

- + She concludes that the government should not be the primary lender as it had no systems in place to lend to the poor. Instead, the government should provide the necessary incentives and infrastructure to enable self-sustaining initiatives to take root. UNICEF was missing the mark by investing in traditional aid programs, where private sector or non-profit organizations could provide access to credit and the delivery of critical services. [p.148]
- + During an afternoon run on the beach, Jacqueline is attacked and robbed by three men, reminding her that she loses some of her freedom as a woman traveling alone. [p.149]
- + Jacqueline returns to New York and continues working with the Philanthropy Workshop, realizing programs serving the poor need to do a better job giving people a chance to aim high and believe in themselves – and of holding them accountable for reaching their goals. [p.151]
- + One day, while riding the subway to work in 1994, Jacqueline reads headlines describing the massacres in Rwanda, realizing things could be different if more people had paid attention – if they had listened. [p.152-153]
- + Against the backdrop of the genocide, Jacqueline seeks new ways for philanthropy to effect positive social change and begins the Next Generation Fellows program identifying, linking, educating and inspiring young leaders of diverse backgrounds. [p.153-155]
- + At a meeting with her team of new fellows, Jacqueline is visibly intimidated when a young African American man claims she could never lead the group because she is white, privileged and connected to the Rockefeller Foundation. Rather than asking the young man why he stays with a program if he dislikes the host, Jacqueline absorbs the verbal blows and tries to defend herself. The issue of navigating privilege continues to present nuanced questions. [p.157-158]
- + Realizing leadership is about having vision and the moral imagination to put oneself in another's shoes, Jacqueline decides to return to Rwanda to try to understand what had happened in a place she lived and worked. [p.162]
- + Upon her arrival, Jacqueline goes to the bakery and discovers a refugee from Uganda illegally living there, claiming it as her house. All that remains of the bakery after the genocide is blue paint on the road. [p.164]

Chapter 10: Retribution and Resurrection

Development Themes

1. Common humanity and shared suffering (CT)
2. Turning others' stories of pain into awareness and action (W, B, L)

Leadership Themes

1. Resilience in the face of monsters disguised as friends (OR, LI)
2. The power of service and living a life of purpose (GE)
3. Learning to listen and acknowledge the truths of others (LE)

Discussion Questions

1. What does Jacqueline learn from hearing the stories of Honorata and Liliane after the 1994 genocide in Rwanda?
2. How can the terrible tragedy of the genocide inform our collective efforts to improve the world? How can we harness the power of the human spirit to effect positive social change?
3. Is there a limit to empathy and the ability to put yourself in others' shoes?

Supplemental Readings

1. Mamdani, M. (2002). *When victims become killers*. Princeton University Press.
2. Hatzfeld, J. (2010). *The antelope's strategy: Living in Rwanda after the genocide*. Picador.
3. Power, S. (2003). *A problem from hell: America and the age of genocide*. Harper Perennial.

Chapter 10 Summary

- + Between 1997 and 2000, Jacqueline visits the four women with whom she worked closely in Rwanda – Honorata, Prudence, Agnes and Liliane – seeking to understand what happened to each of them. She learns that they played every conceivable role in the genocide from victim to perpetrator. [p.165]
- + During one visit, Jacqueline meets with Honorata, who informs her that most of the women from the bakery had been killed. [p.166]
- + For three hours, Honorata tells Jacqueline her own story of survival. After fleeing her village for safety with her family, Honorata narrowly survives a brutal attack where soldiers gunned down the entire village. Pretending to be dead among corpses, Honorata finds herself the sole surviving adult with

seventeen surviving children in her care. She heroically moves them from one refugee camp to another and ultimately returns home to learn the fate of her mother, whom she had to leave behind. [p. 167-174]

- + Through Honorata, Jacqueline understands that resurrection happens here on earth; there are countless women who have nothing, yet suffer great loss with grace and dignity.
- + Her story reminds Jacqueline of the power of the human spirit to withstand almost anything. Her story also speaks to the power of service, to living a life of purpose, and to keeping the flame of hope alive. [p.175]
- + Jacqueline also meets with Liliane, a Hutu, who survived for nearly two years in refugee camps only to return to find her house illegally occupied by a soldier. Without any other choice, Liliane and her children are forced to move into a slum until the soldier finally moves out, taking all of their possessions with him. [p.176-180]
- + Women like Honorata and Liliane demonstrate an endurance and a capacity to dream that could shape the world, if only the world would listen. [p.180]

Notes

Chapter 11: The Cost of Silence

Development Themes

1. Power corrupts equally (CP)
2. Sins of omission (CP)
3. Disorder of human existence (CP)

Leadership Themes

1. The line between knowing and participating: action and inaction (AF, SA, LI)
2. Living with monsters and angels inside of us (SA, LI)

Discussion Questions

1. Why does Jacqueline want to meet with Agnes, who is accused of being a perpetrator of the genocide? What does she learn from Agnes?
2. How can the terrible tragedy of the genocide inform our collective efforts to improve the world? How can we harness the power of the human spirit to effect positive social change?
3. What are the costs of Prudence's silence?

Supplemental Readings

1. Clark, P., & Kaufman, Z. eds. (2009). *After genocide: Transitional justice, post-conflict reconstruction, and reconciliation in rwanda and beyond*. New York, NY: Columbia University Press and London, UK: C. Hurst & Co.
2. Minow, M. (1999). *Between vengeance and forgiveness: Facing history after genocide and mass violence*. Beacon Press.

Chapter 11 Summary

- + In an attempt to understand her story, Jacqueline visits Agnes, who is in Kigali's Central Prison, accused of being a perpetrator of the genocide. She had allegedly made incendiary speeches, urging men to kill Tutsis and inciting women to encourage their husbands to work harder in their murderous acts. [p.181-183]
- + Agnes, a born leader, serves as a reminder that power corrupts on an equal opportunity basis. She traded integrity for power. [p.184]
- + Although it is sad to see how far Agnes had gone astray from the person Jacqueline once worked with, Agnes helps Jacqueline internalize the fact that monsters do exist – in ways she had never imagined. [p.189]

- + Jacqueline meets with Prudence, who is also in prison, accused of being a major perpetrator of the genocide. Unlike Agnes, however, Prudence is potentially neither victim nor perpetrator. Hers may have been sins of omission – of staying silent while the violence unfolded around her. [p.192-196]
- + Eventually, Agnes receives a life sentence and Prudence is declared innocent and freed from prison. [p.194-196]
- + Both Agnes and Prudence help Jacqueline understand the disorder of human existence. [p.196]

Notes

Development Themes

1. Poverty is too complex for a one-size-fits-all solution (LC, CP)
2. Charity alone cannot solve the problems of poverty (LC, CP)
3. Markets alone cannot solve the problems of poverty (M, CP)

Leadership Themes

1. Considering the global community as one community in the fight to end poverty (CU)

Discussion Questions

1. The Rwandan genocide reinvigorates Jacqueline's belief that it is important to provide people with the right incentives. To which incentives do you think she is referring?
2. Why does Jacqueline believe that neither charity nor markets alone can solve problems of poverty? What does she recommend going forward? Is there a limit to empathy and the ability to put yourself in others' shoes?
3. What role does community have to play in the fight against poverty, according to Jacqueline? Why is this so important?

Supplemental Readings

1. UNEP Finance Initiative. *Innovative financing for sustainable small and medium enterprises in Africa*. Geneva, Switzerland: http://www.unepfi.org/fileadmin/documents/innovative_financing_africa.pdf
2. Karnani, A. (2007). The mirage of marketing to the bottom of the pyramid: How the private sector can help alleviate poverty. *California Management Review*, 49(4), 90-111.
3. Prahalad, C.K. (2006). *The fortune at the bottom of the pyramid*. Wharton School Publishing.
4. Sachs, J. (2006). *The end of poverty: Economic possibilities of our time*. Penguin.
5. Dees, G. (1996). *The social enterprise spectrum: From philanthropy to commerce*. Harvard Business Publishing.
6. Emerson, J. (2003). The blended value proposition: Integrating social and financial returns. *California Management Review*, 45(4).
7. World Economic Forum. (2005). *Building the blended value capital market*.

Chapter 12 Summary

- + The Rwandan genocide reminds Jacqueline that nothing justifies the powerful excluding the powerless from basic opportunities. It also reinvigorates her belief that providing incentives for people to do the right thing is very important. [p.198]
- + The microfinance bank Duterimbere was founded on the assumption that Rwandan women could not be excluded from the economy if the country were to develop. Although mistakes were made, the institution far outlasted its founding members and took on a life of its own. [p.199]
- + In 2007, Jacqueline visits Duterimbere and sees how far it has come 20 years after it was created. [p. 202]
- + During her visit, Jacqueline meets women whose stories demonstrate the life changing impact of Duterimbere's loans. [p. 205-208]
- + Duterimbere, a hopeful little organization built to support women's economic activities, had made a difference. Hundreds of thousands of people have been touched by the loans made to women over 20 years. [p.211]
- + Jacqueline is forever grateful to Duterimbere and Rwanda for teaching her about possibility, about the power of markets, the need for smart and carefully invested financial assistance, and the constant hope for rebirth. She learned that microenterprise is part of the solution, but it is not the only part. She also learned that charity alone cannot solve the problems of poverty. Poverty is too complex to be solved with a one-size-fits-all approach. [p. 209-211]
- + Jacqueline also realizes that markets alone cannot solve the problems of poverty, as many low-income people are often invisible to most entrepreneurs, who don't see them as paying customers. Poor distribution, lack of infrastructure and corruption add up to a failure of markets to deliver services to the poor at prices they can afford. [p. 212]
- + What is needed going forward, Jacqueline realizes, is a philosophy based on human dignity, which all of us need and crave. We can end poverty, she asserts, if we start looking at all human beings as part of a single global community that recognizes that everyone deserves a chance to build a life worth living. [p. 212]

Development Themes

1. Using business concepts and approaches to address issues of poverty (LC, B, M)
2. Investing in entrepreneurs who deliver critical services to the poor (B,M)
3. Treating poor as customers (B,M)
4. The role of patient capital (PC)
5. Accountability (A)

Leadership Themes

1. Don't wait for perfection: just start (GE)
2. Develop performance-based leadership (GE)
3. Recognize the limits of your own expertise (AF)

Discussion Questions

1. What are the key elements of Acumen Fund's business model? What makes 'patient capital' patient, and how does it work? In what ways does Acumen change the traditional donor-grantee relationship?
2. What does it mean to treat the poor as customers? Why is this so important to Jacqueline? Do you see any potential negative consequences to this approach?
3. Why does the Acumen team switch after its first year from distributing grants to investing in equity and making loans? What are the advantages of equity and investments?
4. What role can technology play in poverty alleviation? What are the strengths and weaknesses of using technology?

Supplemental Readings

1. Lee, M. (2007). Acumen Fund: How to make the greatest impact. The William Davidson Institute at the University of Michigan.
2. Ebrahim, A, & Rangan, V.K. (2009). Acumen Fund: Measurement in venture philanthropy (A). Harvard Business School.
3. Lehr, D. (2008). *Microfranchising at the base of the pyramid*. Acumen Fund Working Paper.
4. Novogratz, J. (2007). Meeting urgent needs with patient capital. *Innovations*, 2(1-2), 19-30. [http://www.acumenfund.org/uploads/assets/documents/Patient%20Capital%20-%20Innovations%20\(final\)_hd8DvZs6.pdf](http://www.acumenfund.org/uploads/assets/documents/Patient%20Capital%20-%20Innovations%20(final)_hd8DvZs6.pdf)
5. The Monitor Group. (2009). *Emerging markets, emerging models: Market-based solutions to the challenges of global poverty*. Cambridge, MA: Frandano, P., Karamchandani, A., & Kubzansky, M. <http://www.monitor.com/tabid/69/ctl/ArticleDetail/mid/705/CID/20092503171300803/CTID/1/L/en-US/Default.aspx>

Chapter 13 Summary

- + By 1999 Jacqueline begins envisioning a new kind of institution built on the best lessons and precepts of philosophy and utilizing business concepts and approaches. [p.213]
- + She dreams about a fund that uses philanthropic money to make grants and investments to enterprises that deliver services to the poor, ensuring that low-income people are part of the solution. This fund would build more transparency and accountability and treat the poor as customers – not simply recipients of charity. Above all, it wouldn't simply make grants, but invest in entrepreneurs who have the vision and ability to solve local problems with market-driven approaches. The focus would be on supporting institutions rather than projects. [p.214]
- + With the support of the Rockefeller Foundation, Jacqueline explores the possibility of creating an organization that operates between the market and traditional philanthropic models. [p.214]
- + She thinks of this organization as a venture capital fund for the poor, raising philanthropic money, then investing equity, loans and grants in organizations led by visionary entrepreneurs seeking to deliver critical services to the poor, including safe water, health care, housing and alternative energy sources. [p.216]
- + In addition, this organization would provide entrepreneurs with wide ranging support on everything from basic business planning, to hiring managers, to helping them connect to markets. Results would be measured in terms of financial returns as well as social impact. Any money returned would be reinvested into other enterprises serving the poor. Unlike microfinance, which makes very small loans to individuals, this fund would invest hundreds of thousands or even millions of dollars in enterprises that aim to serve at least one million customers each. [p.216]
- + By 2001, Jacqueline and her team have a business plan and raise more than \$8 million. After much discussion, they decide to name the organization Acumen Fund to signify the thoughtful, insightful, smart and focused change they were after. On April 1, 2001, Acumen Fund is officially registered as a public charity. [p.217]

Chapter 13 Summary *continued*

- + From the beginning, Acumen is committed to changing the traditional donor-grantee relationship. Acumen's donors are called investors to encourage them to think of themselves as investing in change. [p.218]
- + During Acumen's first year, Jacqueline and her team look specifically to invest in health care technologies, thinking technology is a key driver of innovation for issues of poverty. [p.223]
- + Acumen provides its first grant to Dr. Govindappa Venkataswamy's Aravind Eye Hospital in India. The grant supports an experiment in establishing a telemedicine unit that would allow farmers to have their eyes examined without having to travel hundreds of miles to the hospital. By 2008, the telemedicine units become part of Aravind's normal business, integrated into 16 rural vision centers, providing access to high quality eye care to 50,000 people who otherwise would not have it. [p. 221 – 225]
- + After September 11, 2001, the Acumen team decides to invest in Pakistan to build civil society organizations and to provide examples of how people are working together to create better chances for the future. [p. 225-227]
- + After investing in other health-related technology start-ups, the Acumen team acknowledges that they do not have the appropriate expertise to effectively support technology start-ups. They instead shift their focus from the technology side to understanding the distribution, pricing and marketing of healthcare services. [p. 228]
- + Following the first year, the Acumen team determines grants are not typically as effective as equity and loans, especially when creating markets for the poor, and modifies their approach by only investing equity in or making loans to social enterprises. They also established metrics to which they hold the entrepreneurs accountable. [p.228]
- + This investment style is focused on "patient capital," which is money invested over longer periods of time with the acknowledgement that returns may be below market, but with a wide range of management support services and greater access to markets. [p.229]

Notes

Development Themes

1. Value of technology transfers (B)
2. The market as a listening device (M)
3. Trust as currency (CT)
4. Corruption: impediment to progress (CP)
5. Patient Capital in action (PC)

Leadership Themes

1. Developing trust by listening (LE)
2. Dignity of making own choices (GE)

Discussion Question

1. What role does trust play in the housing market in Pakistan? Why is Saiban successful? What is the incremental housing model?
2. In an environment of systemic corruption, do you think it is more important to do whatever it takes to deliver services to the poor, at the cost of participating in corruption, or do you think it is more important to avoid participating in corruption, at the cost of delivering services to the poor?
3. According to Jacqueline, the market can serve as a listening device. What does this mean and how can it improve the delivery of basic services, including housing or clean water, to the poor? What should the market be listening for? How do you identify needs?
4. How do the poor fit into the market? What about the private sector?

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1. Acumen Fund. (2009). *The challenges of expanding Saiban: Scaling affordable housing for low-income communities in Pakistan*. Karachi, Pakistan: Hassan, B., & Rahman, A. <http://www.acumenfund.org/knowledge-center.html?document=163>
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Chapter 14 Summary

- + In Pakistan, the Acumen team decides the greatest opportunities to build civil society institutions that enable people to have more freedom and choice are in two areas that Acumen has not previously been involved: microfinance and housing. [p.237]

- + The key question is whether housing finances and development could be structured to make it affordable and accessible to all people. There is also the question of trust, as many housing developers make promises they never fulfill. [p.238]
- + In 2002, Jacqueline travels to Pakistan to meet with an entrepreneur named Tasneem Siddiqui, who is experimenting with different approaches to low cost housing. His organization, Saiban, introduces the concept of incremental housing based on the buying decisions of low-income individuals. This model encourages people to start small with what they can afford and slowly expand their homes over time. [p. 238-239]
- + When describing how this model works, Tasneem explains that the hardest part of the process was gaining the trust of the customers. In addition to being transparent with the rules, Saiban's manager lived among the people from the beginning, often resolving disputes and listening to what the people want and need. As of 2009, over 20,000 people live in Saiban's first development, Khuda-Ki-Busti, and several viable businesses have sprung up to support it. [p.239-240]
- + Acumen Fund agrees to lend Saiban \$300,000 to purchase new land and register it for development. [p.240]
- + Starting to build a portfolio focused on bringing clean water to the poor, Acumen invests in a drip irrigation system after meeting Amitabha Sadangi in India in 2004. With Acumen's support, Amitabha's organization sells more than 275,000 irrigation systems over four years, doubling the yields and incomes of nearly every farmer who purchased one. [p.249]
- + Back in Pakistan, Acumen supports its first technology transfer from one investment to another, transferring Amitabha's drip irrigation technology in India to Pakistan where Dr. Sono Khangharani seeks to deliver water to poor farmers. [p.247-253]
- + The market can serve as a listening device: Through Acumen's experience with drip irrigation, the team begins to see the power of providing small-holder farmers with different inputs along the supply chain to maximize their productivity. These relatively small experiments demonstrate how much is possible with trust, technical assistance and connections to markets. [p.254]

Development Themes

1. Marketing to the Base of the Pyramid (BOP) (**B, M**)
2. Public-private partnerships (**B, M, G**)
3. Markets are the starting point, not the end game (**M**)
4. Patient Capital in action (**PC**)

Leadership Themes

1. Innovation requires experimentation (**GE**)
2. Learning to ask the right questions about solutions to poverty (**CU, LE**)

Discussion Questions

1. How did Acumen Fund and A to Z Textiles innovate through experimentation with bed net pricing, marketing and distribution? What did they learn and why was it valuable? Which distribution channels were the most successful?
2. Jacqueline notes, “beauty, vanity, status and comfort: These are the levers that are pulled the world over as we make our decisions.” (p. 262) What does she mean by this?
3. What examples does Jacqueline use to illustrate the point that we are often asking the wrong questions when it comes to delivering basic services to low-income communities?

Supplemental Readings

1. World Economic Forum. (2006). *A to Z's private-public partnership* Global Health Initiative: Public-Private Partnership Case Example. <http://www.acumenfund.org/knowledge-center.html?document=44>
2. Acumen Fund. (2009). *Lessons from the field: Sales at the bottom of the pyramid*. New York: Krauel, H., & Montgomery, J. http://www.acumenfund.org/uploads/assets/documents/Lessons%20from%20the%20Field%20-%20Sales%20at%20the%20Bottom%20of%20the%20Pyramid_6moi1Psr.pdf
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Chapter 15 Summary

- + Jacqueline tells the story of a man named Eliarehemu in Tanzania to demonstrate the strong correlation between investing in health care and enhancing people's ability to earn income. A simple gift of a bed net allows Eliarehemu, who previously suffered from malaria, to get healthy and earn more income. Each year that Jacqueline visits him at his home, he is physically stronger and growing more maize – eventually growing a surplus. [p.255-258]
- + Realizing the power of bed nets to keep people healthy and productive, Acumen Fund agrees to help Sumitomo Chemical, which had created a bed net impregnated with insecticide that could last 5 years, find an African enterprise that could effectively manufacture and distribute the bed nets in Africa. [p.259]
- + After reviewing several businesses, Acumen provides a loan for the first bed net-weaving machines to A to Z Textiles in Arusha, Tanzania. By 2008, more than 7,000 women are working at A to Z Textiles, generating more than \$3 million in new wages in the local economy, and producing enough bed nets to cover more than 20 million people a year. [p.259-260]
- + The production of the bed nets is only the first step. The challenge lies in identifying the right approaches to marketing and distributing the bed nets. Committed to experimenting with various private sector approaches to distribution, Acumen and A to Z agree to try selling nets at different price points, not only to low-income consumers, but to companies that had an economic incentive to protect their workers from malaria. Innovation requires experimentation. [p.261]
- + Acumen and A to Z experiment with selling bed nets at different prices and study what people might be willing to pay in various situations. While some villagers are willing to pay \$3 to \$4, the majority of rural East Africans moved more quickly to buy them at a \$1 price point, and still, a large group couldn't afford to pay anything. To complement this, A to Z agrees to experiment with building a small sales force of women to see what would happen if they tried selling bed nets door-to-door. The most successful sales women are those that emphasize how one can use the nets to decorate their homes, mentioning the protection from malaria as almost an afterthought. [p.262]
- + Jacqueline notes that beauty, vanity, status and comfort are the levers that are pulled the world over as we make our decisions. The rich hold no monopoly on any of it. [p.262]

Chapter 15 Summary *continued*

- + A to Z also experiments with a number of distribution channels, finding the most success with those that focus on building systems already in place, systems that worked for the poor and increased their overall levels of choice. [p.262]
- + Through this experience, Jacqueline is reminded that so much can be learned by listening to the market. By experimenting with A to Z, they learn about how people make decisions and what it might take to build an alternate distribution system. They also learn that while free bed nets are key to reaching the masses, there is also a place for market mechanisms that put malaria bed nets in shops so anyone who needs them can get them without having to hope that a clinic will provide them. [p.263]
- + Today's media are highlighting a major debate between those who think bed nets should be given away and those who think they should be sold. This debate demonstrates to Jacqueline that we often ask ourselves the wrong questions; the question we should be asking, she suggests, is what does it take to eradicate malaria? Jacqueline is similarly frustrated with debates as to whether access to clean water is a human right or if its ownership should be privatized. Again, this is the wrong question. Jacqueline suggests we should be asking how we ensure that all people have access to at least the minimum amount of water needed to live healthy lives. [p.265]
- + Determined to support entrepreneurs who are seeking answers to the right questions, Acumen Fund makes an equity investment of \$600,000 into WHI, which uses a simple business model to reliably deliver clean water. [p.265]
- + After experimenting with its design, recognizing its shortfalls, and changing quickly to a better model, by 2009, WHI had grown to serve more than 200 villages with more than 350,000 customers – and it has raised more than \$12 million in additional capital. [p.266-269]
- + If Acumen were a traditional investment firm, it would be thrilled with the progress of WHI. But Jacqueline started Acumen because she believed that markets are the starting point and not the endgame for solving problems of poverty. The Acumen team wants to understand what it takes to bring the greatest number of people clean water in an affordable way, reaching millions of people and sustaining itself over time. [p.270]

Notes

Development Themes

1. The space between the market and charity: patient capital (PC, LC)
2. Market discipline (M, B)
3. Accountability (A)

Leadership Themes

1. Inherent capacity of each person to contribute (GE)
2. Hope as a catalyst (OR)
3. Empathy as the foundation to collective security and development (LE)
4. Moral leadership (CU, GE)

Discussion Questions

1. What does Jacqueline consider the key drivers to solving the problem of global poverty? Are these factors market-driven or charity-driven or somewhere in between?
2. Why is important to invest in individual entrepreneurs? What do these individuals have that donor-funded organizations do not?
3. What does Jacqueline suggest are the key skills that young people should acquire to serve the world? Which skill is paramount to all others? Why do you think this skill is more important than others?
4. What are the limits or risks of patient capital? Are there strategies Acumen doesn't yet employ that might mitigate these risks? What elements (ideas, methods, areas of intervention, partners, funding strategies) would you suggest Acumen add to their portfolios to increase their social impact and be a catalyst for social change?

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1. Heifetz, R., Linsky, M., & Grashow, A. (2009). *The practice of adaptive leadership: Tools and tactics for changing your organization and the world*. Harvard Business Press.
2. Bornstein, D. (2004). *How to change the world: Social entrepreneurs and the power of new ideas*. Oxford University Press.
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7. Foster, W., & Bradach, J. (2005). Should nonprofits seek profits? *Harvard Business Review*, 83 (Feb), 92-100.

Chapter 16 Summary

- + Thirty years have passed since Jacqueline gave away the blue sweater that she later saw on the boy in Rwanda. The world has changed a lot since then. Jacqueline observes that we now have the tools to know one another and the resources to create a future in which every human, rich or poor, has a real chance to pursue a life of greater purpose. [p. 272]
- + After 20 years of working in Africa, India and Pakistan, Jacqueline has changed too. She has learned that solutions to poverty must be driven by discipline, accountability, and market strength, not easy sentimentality. She has learned that many of the answers to poverty lie in the space between the market and charity and that what is needed most of all is moral leadership willing to build solutions from the perspectives of poor people themselves rather than imposing grand theories and plans upon them. [p.272-273]
- + Jacqueline has also learned that people usually tell you what they think if you listen hard enough. She's also learned there is no currency like trust and no catalyst like hope. She highlights the most important quality we must all strengthen in ourselves is that of deep human empathy, for that will provide the most hope of all – and the foundation of our collective survival. [p.273]
- + The events in Kenya surrounding the 2007 elections serve as a reminder to Jacqueline of the dangers inherent in a world with an increasing gap between rich and poor, especially in the developing world, where more than half the population is under 25 years of age. [p. 274]
- + People need to believe that they can participate fully in the decisions that affect their lives and have a stake in the societies in which they live. Jacqueline explains that this is why it is so important to invest in those rare entrepreneurs who see true human capacity in all people and are working on ways to unleash it. [p. 275]
- + Acumen supports entrepreneurs who have the same values in creating solutions that will enable the poor to help themselves.
- + The world will not change with inspiration alone. It requires systems, accountability, and clear measures of what works and what doesn't. [p.277]

Chapter 16 Summary *continued*

- + In 2006, Acumen started the Fellows Program to build a corps of leaders with the skills, networks and moral imagination to help solve the rough problems of our time by using their understanding of how to build sustainable businesses that are appropriate for local contexts. [p,278]
- + By 2008, Acumen Fund had been able to approve more than \$40 million in investments in 40 enterprises serving the poor that created more than 23,000 jobs. [p.281]
- + Students frequently ask Jacqueline what skills they'll need for meaningful work in serving the world. Jacqueline recommends that they gain skills in the functional areas of business – marketing, design, distribution and finance – as well as in medicine, law, education and engineering, because we need more people with tangible skills to contribute to building solutions that work for the poor.
- + The first step for each of us is to develop our own moral imagination, the ability to put ourselves in another person's shoes. [p.283]
- + Today, we are redefining the geography of community and accepting shared responsibility and shared accountability for common human values.

Notes

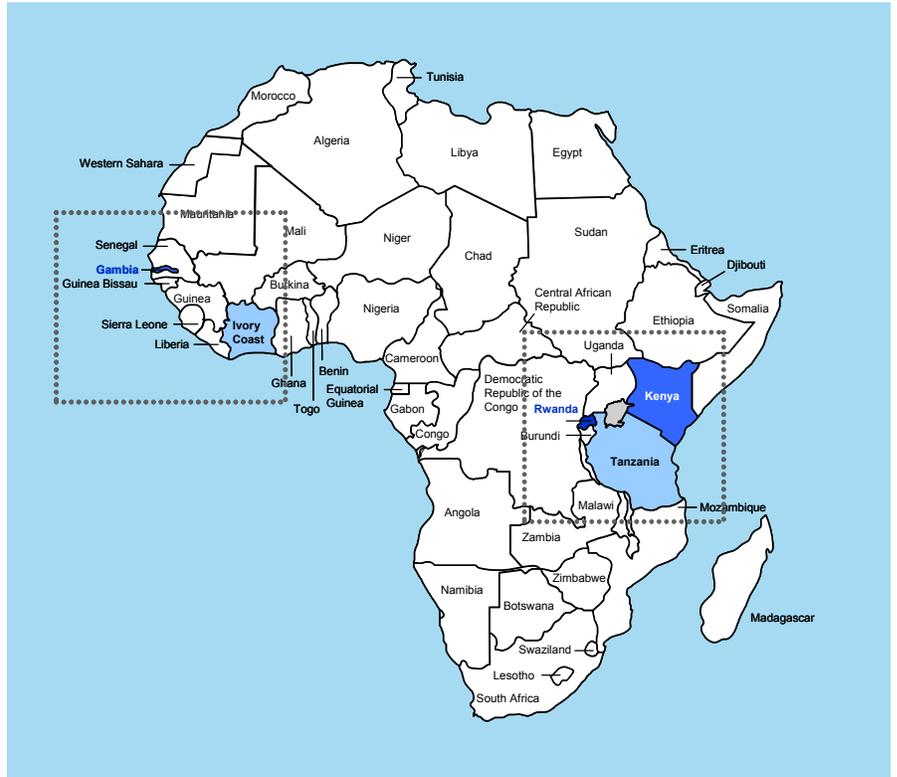
Map and Timeline of Events

TIMELINE OF EVENTS

Jacqueline starts working at Chase Manhattan Bank (Ch. 1)	1983	
	1984	
	1985	Moves to job at African Development Bank (Ch. 1)
Meets boy in Kigali, Rwanda wearing her blue sweater (Ch. 1)	1986	
	1987	Jacqueline and others found Duterimbere (Ch. 3)
Starts working with blue bakery in Nyamirambo in Kigali (Ch. 5)	1988	
	1989	Consults for the World Bank on project in Gambia (Ch. 8)
Graduates from Stanford Graduate School of Business (Ch. 8)	1990	
	1991	
	1992	
Founds Philanthropy Workshop at Rockefeller Foundation (Chapter 9)	1993	Rwandan genocide (Ch. 9)
	1994	
Runs Next Generation Leadership program w/ Lisa Sullivan (Ch. 9)	1995	Returns to Rwanda to understand the impact of genocide (Ch. 10-12)
	1996	
Starts laying groundwork for new philanthropic model with Rockefeller Foundation support (Ch. 13)	1997	
	1998	
	1999	
Acumen Fund makes first investment in Aravind Eye Hospitals in India (Ch. 13)	2000	Jacqueline founds Acumen Fund (Ch. 13)
	2001	
	2002	Acumen Fund invests in Kashf, its first investment in Pakistan (Ch. 14)
Acumen Fund invests in A to Z bednets in East Africa (Ch. 15)	2003	

MAP OF AFRICA

(Interactive worldwide map (<http://ow.ly/nYh6>) also available on Google maps: highlights important locations for Jacqueline and includes excerpts from the book.)



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Acumen Fund is a 501(c)3 social venture fund that invests in non-profits and socially directed for-profits distributing vital products and services to the poor through scalable, market oriented approaches. Our investments currently focus on four key areas: water, health, housing, and energy.

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