



# ASPEN INSTITUTE INDIA

**“Patient Capitalism”**

**An Interaction with Jaqueline Novogratz**

**Founder and CEO, Acumen Fund**

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*(Ms. Jacqueline Novogratz, Founder and CEO, The Acumen Fund)*

“To a majority of the world, dignity is more important than wealth. As humans we are capable of extraordinary good and also evil.” This was the basic premise of the discussion led by Ms. Jacqueline Novogratz, founder and CEO of the Acumen Fund. ‘Patient Capitalism’, a new method of providing aid is a novel idea developed by Ms. Novogratz that is helping people the world over achieve a better life, while retaining their dignity in doing so. This method allows the beneficiaries to support

themselves and thus create change rather than be someone's charity case. "Patient Capitalism, is simply finding a way to 'make it work'" according to Ms. Novogratz, who spent an hour explaining and discussing Acumen Fund's work in India and the other parts of the world.

In her view, we need to think more strategically. Charity, according to her makes matters worse as it makes the recipients dependent on charity for the long run. Thus her mantra for how aid should work is by raising philanthropic donations in large sums, identify viable enterprises, use the donations to invest in social entrepreneurs, provide managerial investment and once the investment yields revenue reinvest into the society around.

She explained that Acumen is currently working in South Asia and Africa as they are currently the priority in the developing world. The areas where Acumen is predominantly focused on are:

- Housing
- Healthcare
- Agriculture/Sanitation
- Water

Her example for India was their project on drip irrigation. Acumen has understood and redesigned technology developed in Israel that is easily adaptable to the Indian model. The method is to provide a quarter acre of land which is relatively inexpensive and can be incrementally expandable. Thus low income farmers are able to take advantage of this deal. The new income generated is then re-invested into creating more land and more opportunities for a larger segment of the society.

Some of her other examples included, providing low cost lighting to very-low income households and water sanitation in South India which has gradually expanded from one village to a few around. Acumen thus has been able to create a new market for such low cost technologies and innovations which is directly benefitting those who need it most. Her example of 'patient capitalism in healthcare' described Acumen's work in providing high quality, low cost care, through outreach workers in villages.

Acumen's novel methods of growth in clusters allows entrepreneurs to break even as fast as 18 months. Using structured expansion strategies, Acumen is able to provide a stepping stone for many of their enterprises.

Ms. Novogratz also divulged on some of the initiatives around the world, specifically in Pakistan and Tanzania. In Pakistan she mentioned, Acumen's work in starting a Grameen Bank, specifically targeting women. The result, the bank is now opening its commercial operations in the area. In Tanzania, the simple idea of promoting bed nets or creating clean, efficient toilets has significantly reduced diseases in the area.

In her engaging interaction with the audience, she outlined what is needed to promote patient capitalism and help it work. According to her a viable institute, investment tools, right strategy and management, capital for long durations and discipline and 'moral imagination' are all what you need to help a community grow from within.

In summation, she explained that patient capitalism = long term profitability. Acumen is actively trying to address basic services which are thus engaging policy inputs as well. Dignity according to her is the top most concern, where in the rural community must be treated like real customers and not helpless people who need to be guided in what choices to make. Last, she mentioned that Indians are contributing to the programs, but a larger contributing from the private sector is needed not only in monetary terms, but also in mentoring and building intellectual platforms that can directly help these young and novice entrepreneurs. 'Community of individuals who want to contribute to the country' according to her, are what are needed for the programs to succeed.