

The Blue Sweater

Bridging the Gap between Rich and Poor
in an Interconnected World

Jacqueline Novogratz



Note: Some of the names in this book have been changed to pseudonyms.

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PROLOGUE

They say a journey of a thousand miles begins with a single step. I took mine and fell flat on my face. As a young woman, I dreamed of changing the world. In my twenties, I went to Africa to try and save the continent, only to learn that Africans neither wanted nor needed saving. Indeed, when I was there, I saw some of the worst that good intentions, traditional charity, and aid can produce: failed programs that left people in the same or worse conditions. The devastating impact of the Rwandan genocide on a people I'd come to love shrank my dreams even further. I concluded that if I could only *nudge* the world a little bit, maybe that would be enough.

But nudging isn't enough. The gap between rich and poor is widening across the world, creating a dire situation that is neither socially just nor economically sustainable. Moreover, my work in Africa also taught me about the extraordinary resilience of people for whom poverty is a reality not because they don't work hard, but because there are too many obstacles in their way. One very sick child or the death of a husband can wipe out a family's savings and throw it into a vicious cycle of debt that keeps those with the least in poverty forever.

It doesn't have to be that way. Indeed, the idealism of my twenties has returned in my forties, not simply from unfounded hopefulness, but from optimism grounded in a deep and growing pragmatism. To address poverty in a more insightful way, in 2001 I started a nonprofit organization called Acumen Fund. We raise charitable funds, but instead of using the money for giveaways, we make careful investments in entrepreneurs who are willing to take on some of the world's toughest challenges. The entrepreneurs we seek have the vision to deliver essential services like affordable health care, safe water, housing, and alternative energy to areas where governments or charities are often failing. We measure our results in social as well as financial terms and share lessons and insights learned with the greater world.

We've seen what can happen when an entrepreneur views the market as a listening device that reveals how to tailor services and products to the

preferences of low-income people who are viewed as consumers, not victims. The entrepreneurs are driven to build systems that can eventually sustain themselves and, ultimately, serve a wide swath of the population.

The returns on such investments can be enormous. At Acumen Fund, we've worked with an entrepreneur who built a company that provides safe water to more than a quarter million of India's rural poor, contrary to all conventional wisdom that truly low-income people would never pay. We've supported an agricultural products designer who has sold to more than 275,000 of the world's small-holder farmers drip irrigation systems that enable them to double their yields and income levels. We've invested in a malaria bed net manufacturer in Africa that now employs more than 7,000 people, mostly low-skilled women, and produces 16 million lifesaving, long-lasting bed nets a year.

Today, I believe more strongly than I did as a young woman that we can end poverty. Never before in history have we had the skills, resources, technologies, and imagination to solve poverty that we do now. I'm also a believer because I've seen that fundamental change is possible in a single generation.

My grandmother Stella was born in 1906. Her parents lived on a farm in Burgenland, Austria's wine region on the border with Hungary, and came to live in a little town called Northampton, Pennsylvania—like so many other Austrians, Czechs, and Hungarians—to seek their fortune. They couldn't afford to care for Stella, so when she was 3 years old her parents sent her back to Austria with her little sister, Emma, promising to bring their daughters to the new country as soon as they could manage it.

For more than a decade, the two girls were trundled from family to family, never fully belonging. They lived the lives of domestic servants, were sometimes abused, and each was allowed to wear her one pair of shoes only on Sundays. They were given no real education except how to work hard, believe in God, and keep looking forward.

The women of my grandmother's generation expected to start birthing children as soon as they married, do manual work outside the home for income, and take care of all household matters. My grandmother toiled under oppressive conditions as a pieceworker in a textile factory, cooked all day on Sunday, and waited until the men had eaten before she sat. And she never, ever complained. She buried three of her nine chil-

dren before they were 5 years old, went to church every day, and had a beautiful, shy laugh accompanied by downcast eyes. I would come to see that same smile on so many women on the African continent.

In America, my grandparents raised 6 children, who then brought another 25 individuals into the world. My cousins and I stand on the shoulders of our grandparents and people like them who never asked for handouts, but supported one another and shared suffering and, through hard work and determination, gave their children better futures in a country that assured them hope and opportunity, if nothing else.

Today, poor people the world over are seeking opportunity and choice to have greater dignity in their lives—and they want to do it themselves, even if they need a little help. Today we have the tools and technologies to bring real opportunities to people all across the world.

The time has come to extend to every person on the planet the fundamental principle that we hold so dear: that all human beings are created equal. Rather than seeing the world as divided among different civilizations or classes, our collective future rests upon our embracing a vision of a single world in which we are all connected. Indeed, maybe this notion of human connection is the most important—and complex—challenge of our time. Markets play a role in this vision, and so does public policy. So does philanthropy. We all play a role in the change we need to create.

But where to start? Like so many young people with skills today, my desire to contribute to changing the world a quarter century ago wasn't matched by a proper game plan: I had no idea how to do it. I was a middle-class kid who paid my way through university. Pursuing a non-profit life seemed like an enormous challenge at the start, and I didn't know anyone at the time who did the kind of work I craved. Almost all of my role models were characters in books—or dead.

So I did what I now tell young people to do: I started where I could and where I was given a chance. This book is about my journey, one taken with gusto, if not always with wisdom. Indeed, as I look back at the adventurous young woman who left banking to pursue a life focused on a more global, connected vision, I see someone with guts, education, and skills, but also someone who had to learn time and again that those factors alone don't always lead to success.

This book is for people who do not seek easy solutions or insist on