

Acumen and instinct in African agribusiness

Acumen was created in 2001 with the bold idea of revolutionising philanthropy. "For too long, we had witnessed unbridled markets overlook or exploit low-income communities and government and top-down philanthropy distort the dynamism and efficiency of markets, creating a hopeless cycle of dependency. We believed there had to be a better way - a third way - to tackle the problems of poverty," the organisation explains.



EthioChicken produces highly fertile, disease-resistant chickens and sells them to farmers at affordable prices. (Image: WikiCommons)

It set out to create a new kind of institution, one that would bridge the gap between the social impact of pure philanthropy and the efficiency and scale of market-based approaches. It would turn philanthropic dollars into patient capital and invest it in intrepid entrepreneurs building businesses to serve the poor.

"We would create long-term solutions that would strengthen and support societies and give each and every individual the agency to change their lives."

Investments with impact

At the time, few had heard of the terms "patient capital" and "impact investing." By investing in innovative business models that offer sustainable solutions to the problems facing the poor, Acumen established a model where the long-term social impact was combined with financial gains. Over the years, its investments have not only transformed millions of lives around the world but have also helped establish the commercial viability of previously untested sectors. Today, the sector of impact investing is growing fast and we are seeing how crucial patient capital and social enterprise has become in changing the way the world tackles poverty and, ultimately, does business.

To date, Acumen has invested more than \$111m in social businesses across South Asia, East and West Africa, Latin America and the US. Of the sectors in which it invests, agriculture has been a core focus across all its regions. Since 2007, it has invested \$38m in businesses and innovations designed to meet the needs of the smallholder farmers.

The organisation's first agricultural investments were focused on solutions that improved yields by providing quality inputs to the farmers. In the light of new challenges facing small farmers, particularly climate change, it has evolved its strategy over the years. Today, Acumen focuses its investments across three areas:

- Financial services
- Aggregators
- Digital platforms that integrate farmers into local and global supply chains

Enhancing resilience

"We believe these businesses not only improve farmers' incomes but also enhance their climate resilience by enabling direct access to appropriate inputs, information, finance and buyers, as well as provide supply chain visibility."

For instance, in Africa Acumen invested in Esoko, a mobile platform that provides farmers with agronomic tips and market information. By leveraging the rapidity of text messaging, Esoko can deliver automated and personalised price alerts, buy and sell offers, and extension support messages to keep farmers well informed when making decisions in an increasingly volatile, climate-sensitive environment.

In Ethiopia, it invested in a company, EthioChicken, which produces highly fertile, disease-resistant chickens and sells them to farmers at affordable prices, helping them increase their productivity and incomes. These chickens also help address the country's long-time issues with malnutrition and food insecurity.

In South Asia, it has invested in NRSP, a microfinance bank that offers microcredit, savings and other financial services to rural Pakistan with a focus on low-income farmers. The company currently has more than 170,000 active clients and offers financing rates up to three times cheaper than those available in the informal sector.

"We continue to make high-impact investments across continents and evolve our strategy to effectively meet the needs of low-income communities. We believe our patient capital model of impact investing offers a viable solution to tackling poverty and can catalyse private capital to invest in unproven sectors, so we ultimately provide impoverished communities the choice and opportunity to live a life of dignity."

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