

ANDE Capacity Development Fund Summary of Round II Grants: March 2010

“Developing a Global Mentoring Platform for Small and Growing Businesses”

Mercy Corps and Agora Partnerships

Awarded \$79,000 for 1 year

This project offers a new and innovative approach to providing business mentoring to small and growing businesses (SGBs) in developing economies worldwide—dramatically increasing entrepreneurs’ access to the critical business management know-how and industry-specific expertise needed to start and grow successful enterprises. The project will adapt Mercy Corps’ MicroMentor service—which has created over 1,700 mentoring relationships for small business owners in the U.S.—for the international SGB market, offering ANDE members and the SGB sector-at-large with a scalable mechanism for efficiently providing mentoring services to their clients and more effectively engaging volunteer business professionals in their work. Specifically, this project will adapt the MicroMentor platform and Affiliate Program for delivering mentoring and expertise to SGBs internationally, facilitate mentoring relationships for 100 entrepreneurs during the pilot program within the first year, and gather/analyze evaluation data to measure the effectiveness of the approach. Finally, an international SGB replication strategy will be devised and utilized.

“Leveraging the ANDE Network to Unlock Leadership Capacity in the SGB Sector”

Center for Creative Leadership

Awarded \$90,000 for 1 year

The two-part program, which will be completed in a year, will provide as many as two dozen ANDE organizations with the capacity to provide leadership development to their constituencies and partners in the SGB sector through the CCL train-the-trainer program. The program would also directly provide the opportunity for some additional 250 ANDE member representatives to receive leadership development through a Leadership Essentials program. The program uses tools and resources that have demonstrated success with a number of ANDE members. Furthermore, it represents key methods from the Center for Creative Leadership, recognized as one of the world’s foremost institutions for leadership development. The program is projected to reach several thousand SGB representatives at the grassroots in the space of one year. Furthermore, the program will forge an ANDE community of practice to share knowledge and resources and collectively advance training efforts in the sector.

“Common Ground, Common Case: Capacity Building in the SGB Sector”

SNV Netherlands Development Organization, E+Co, Grassroots Business Fund, Root Capital, Root Change, SEAF, and TechnoServe

Awarded \$70,000 for 8 months

This project seeks to address a common challenge of many ANDE members, particularly those that provide capacity building services to small and growing businesses (SGBs) and investors that incorporate capacity building with their financing mechanisms. There is a great diversity of technical assistance (TA) provided in the sector, and many unanswered questions about how it can and should be coordinated, justified, and funded. This project was designed to be a first step in broaching this complex topic: to develop a “taxonomy” of TA in the sector, which will delineate the types and mechanisms of TA as well as their costs and impact. The results will be disseminated within the ANDE Network and beyond, to facilitate coordination and planning, inform the design of new and proposed TA financing facilities, and stimulate further research and discussion about the role and importance of capacity-building in the sector.

“Managing Risk, Promoting Innovation, and Scaling SGBs: Term Sheet Best Practices and Implications”

Global Social Benefit Incubator

Awarded \$40,000 for 15 months

The proposed research will focus on 20+ equity and debt term sheets and/or convertible debt instruments that have been issued to SGBs by prospective investors in developing countries over the past three years. Each of the term sheets will be disguised so that neither the investor nor the investee can be identified. An evaluation panel consisting of cooperating institutional venture capitalists and Silicon Valley infrastructure specialists will be asked to evaluate each of the term sheets. The evaluation will focus on the means by which the proposed term sheet addresses risk mitigation and properly values the enterprise. The first order deliverables from this initiative are: Identification of risks inherent in the terms used and the consequences of proposed terms; Development of recommended terms for all risk and contractual provisions; Reference materials on best practice valuation methodologies; Publication of findings.

“Development of Corporate Governance Toolkit for SGBs in East Africa”

African Agricultural Capital and SNV Netherlands Development Organisation

Awarded \$55,000 for 6 months

Most SGB owners across the world tend to consider corporate governance as an issue relevant only to large companies. In many countries in Africa, the concept is still new and foreign to even large companies. AAC and SNV will develop a Corporate Governance Toolkit for Small and Growing Businesses in East Africa. The existing materials on this topic need to be made more practical, relevant, and accessible to the intended end beneficiaries. This Toolkit will include the explanation why corporate governance matters with a particular attention to the interests and concerns of SGBs as well as legal and socio-economic contexts in East Africa, detailed best practices with local case studies, and practical guidelines for implementation. The project will build partnerships with local universities and centers for entrepreneurship in both design and implementation of the Toolkit and disseminate the toolkit through both hard copies, CD-ROMs, and a website. Finally, this project will raise

awareness of the corporate governance issue and the availability of the Toolkit by holding a one day workshop in Nairobi.

“Small Business Finance Network”

ShoreCap Exchange

Awarded \$56,000 grant for 1 year

The Small Business Finance Network (‘SBN’ or ‘the Network’) is a first-of-its-kind, industry-wide initiative to provide unprecedented global and open access for small business finance providers to small business finance resources, tools, and methodologies. It is dedicated to increasing access to finance amongst small and micro- businesses through enhancing the growth and capacity of regulated financial institutions in developing countries. This initiative will further the goals and values of ANDE by creating a global practitioner focused knowledge exchange and peer learning network for financial institutions serving SGBs. One of the Network’s initial projects will be to develop an open, collaborative web platform to share resources among around 50 small business finance institutions in developing countries, which is the first stage in a long-term, sustainable initiative.

“Capacity Building in the Financial Marketplace”

Finance Alliance for Sustainable Trade (FAST)

Awarded \$60,000 grant for 1 year

With support from Oxfam Novib and the Citi Foundation, the first phase of the Financial Marketplace created a platform to provide basic, though important, services, streamlining the sustainable SGBs’ search for financing. Both FAST’s lending and SGB members have identified the potential to reduce transaction costs by moving the Financial Marketplace beyond the strictly informational. Managing some application information in the platform will remove significant duplication in the work done by both sides and will lay the foundation for future projects and cross-sectoral cooperation. This project will reduce application-related transaction costs between sustainable SGBs and financial service providers participating in the Marketplace by collecting pre-application information for users. Directly reducing the amount of time spent by SGBs on applications for financing benefits them directly by freeing more time for them to focus on other aspects of their business. Financial service providers will enjoy the benefits of having initial pre-application requirements automatically checked based on criteria already listed in the Marketplace, helping ensure they connect with the most appropriate prospective borrowers.

“Financial Management Toolkit”

Root Capital and TechnoServe

Awarded \$75,000 grant for 1 year

(Note: this grant was a matching grant awarded in the first round of funding)

Root Capital and TechnoServe will develop a financial management toolkit that will easily enable the staff of any organization or consultant – to effectively train SGBs in basic financial management, providing them with the tools and capabilities necessary to be investment ready. The toolkit will include curricula, training guides for both facilitators and participants, practical exercises and a detailed methodology leveraging adult learning approaches and will be tailored to the knowledge and skill level of their staff and SGBs, including farmer business groups.