

2009 **IMPACT REPORT**



Aspen Network of
Development Entrepreneurs
Growing Small Businesses in a Developing World

Dear ANDE Friends and Colleagues,

I am pleased to present you with the first annual Aspen Network of Development Entrepreneurs Impact Report. As we come to the end of an exciting first year, the growth of the ANDE network has far surpassed our expectations. When a small group of development practitioners gathered in the summer of 2005 to explore collaboration in the emerging-market entrepreneurship space, they could not have imagined what their curiosity would inspire. Four years later, at the first ANDE annual conference, 115 participants from 65 organizations and 19 countries convened to share experiences, forge new alliances, and chart the future course of ANDE's initiatives.

Since our official launch in March 2009 at the Shell Foundation headquarters in London, our membership has grown from the 32 founding members to more than 80. We have divided our activities into five main areas: Knowledge Creation & Sharing, Metrics & Evaluation, Education & Awareness, Recruitment & Training, and Capacity Building.

And we are getting things done! In 2009, we hosted a metrics conference, orientation training, and a South African workshop as part of Global Entrepreneurship Week. Through our US \$1 million Capacity Development Fund we awarded close to half a million dollars in grants toward efforts to build capacity and support innovation and collaboration within our network.

ANDE is guided by 13 dedicated Executive Committee members, all passionate leaders drawn from our founding members. Eight foundations provided seed funding to launch ANDE: The Bill & Melinda Gates Foundation, Citi Foundation, Google.org, The Lemelson Foundation, Omidyar Network, The Rockefeller Foundation, The Skoll Foundation, and Shell Foundation. These foundations were early believers in ANDE's goals and we are grateful for their ongoing support.

I hope you find this report to be informative, interesting, and inspirational. Some of the positive findings about the emerging strength of the small and growing business sector may surprise you, but there is clearly much work to be done. We welcome your thoughts and comments on the report and encourage you to use it as a tool to further your own work in supporting small and growing businesses in emerging markets.

Sincerely,

A handwritten signature in black ink, appearing to read 'Randall Kempner', with a long horizontal flourish extending to the right.

Randall Kempner
Executive Director
Aspen Network of Development Entrepreneurs (ANDE)



Aspen Network of Development Entrepreneurs 2009 Impact Report

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Introduction

“Time is short. We must seize this historic moment to act decisively and responsibly for the common good.”

With these words, UN Secretary-General Ban Ki-moon urged member nations to intensify their efforts toward achieving the Millennium Development Goals (MDGs) by the 2015 deadline. Concerned that many of the MDGs remain behind target, Ki-moon encouraged nations to recommit their resources to these goals. As of 2007, one in five developing country workers lived in abject poverty. In sub-Saharan Africa, over 50 percent of employed people earned less than \$1 a day. The goal of cutting the proportion of people whose income is less than \$1 a day in half by 2015 is still possible, but it will take extraordinary efforts on a global scale.¹

“We know that – worldwide – small businesses employ the majority of people. And, worldwide, smaller enterprises are the engine not only of growth, but of more equitable growth.”

– Laurie Spengler, President, ShoreBank International

Members of the Aspen Network of Development Entrepreneurs (ANDE) believe that lasting prosperity will require energizing entrepreneurship in emerging markets. Creating decent paying jobs in the developing world depends upon supporting thousands of small and growing businesses (SGBs), the motors of all successful developed world economies. Unlike other development strategies, the support of SGBs offers the hope for sustainable growth driven by local firms, not international handouts. Further, through their focus on serving unmet local markets and providing specific community development needs like health care, SGBs often provide positive social and environmental contributions well beyond their direct economic impact.

“It has been a process of demonstrating that you can produce adequate returns by investing in this sector. And we think that we have proven that now, having made more than 300 investments and having exited more than half of those. ... Over the last several years, our average gross returns on exits across all our funds have been in the high teens, with funds in some regions doing significantly better, ... but it is still, from a sector standpoint, a small microcosm of what could be done if more capital would flow.”

– Mildred Callear, Chief Operating Officer, Small Enterprise Assistance Funds (SEAF)

However, these companies face a series of challenges that hinder their ability to succeed. Local skilled managers are hard to find and often leave their home countries for opportunities in the developed world. Market knowledge that would support export growth is scarce and/or expensive to obtain. Bank loans are offered at exorbitant interest rates and with unreasonable collateral requirements. Venture capital that facilitates the growth of new and expanding companies

is nearly impossible to find in most poor regions. The perceived risk of SGB investing increases the cost of serving the market and leads to reduced competition among existing financial institutions.²

“It is important for organizations that are supporting small firms in the developing world to work together. The best way to attain significant positive impact around the world is not to duplicate. ... We are so few and there is so much to be done that we need to be efficient. ... We need to have someone that can organize us.”

– Mónica Iturralde, Director of Metrics & Evaluation, Fundación SOLyDES (Bolivia)

The ANDE network has formed to catalyze the development of strong SGB ecosystems in emerging markets. ANDE members and other SGB-sector organizations working to build developing world small business capacity are remarkably capable, committed, and innovative. However, on an individual basis, these qualities are not enough to overcome the great hurdles the sector faces to achieving scale. Only through leveraging the collective expertise and assets of sector members can we expect to make significant progress in implementing market-based approaches to poverty reduction. Only through a strong network will we be able to implement innovative solutions to the myriad challenges faced by the millions of entrepreneurs who could be engines of prosperity in the developing world.

SGB Sector in 2009: By the Numbers

SGB Sector

- 192 funds investing in emerging-market SGBs
- These funds are raising a collective \$7 billion to invest in SGBs
- 58% make investments in Africa; 20% invest in Asia
- 81% of funds based in emerging markets have launched in the last three years

ANDE Members

- 80 ANDE members manage 51 SGB-focused funds
- Over the past 20 years, \$830 million invested in 2,500 investments
- ANDE-supported companies have secured \$1.7 billion additional debt and equity funding
- 80% members provide individualized business consulting services
- \$96.8 million provided in technical-assistance activities over the past year
- Portfolio companies support nearly 305,000 full-time employees and have served 74.4 million customers



The Potential of Small and Growing Businesses

“You can never deliver enough charity to give poor people a decent life. Business is the only sustainable answer to poverty; it gives people a way to earn money to pay for a decent life themselves.”

– R. Glenn Hubbard and William Duggan, *The Aid Trap*³

Today’s challenges

Sometimes, the solutions to the most complex challenges start with something quite small. Take, for example, two of the current major global challenges: poverty and climate change. According to the recently updated World Bank poverty estimates, 1.4 billion people (one in four) are still living below the international poverty line of \$1.25 per day.⁴ A Global Humanitarian Forum report estimates that, each year, climate change results in over 300,000 deaths, seriously affects over 325 million people, and creates \$125 billion in economic losses.⁵

Our solution for tackling both of these large global challenges is to start with something little – a small business in an emerging market. With relatively minimal capital and support, this business can grow to become a major employer, a critical provider of goods and services, and a significant contributor to local prosperity. Increasingly, small and growing businesses (SGBs) are creating innovative new approaches for delivering essential goods and services (e.g., health care and clean water) to people who are working their way out of poverty. Additionally, many of these SGBs focus on triple-bottom-line returns – financial, social, and environmental.

The idea that small and growing businesses are important is not new. Indeed, governments and donor agencies have long recognized the centrality of small businesses to economic development. Initiatives to create better enabling environments and regulatory reforms have made important advances throughout the developing world. Despite this recognition, there is still a great need to support emerging businesses and business leaders. The developing world has no shortage of good ideas and entrepreneurs. However, most countries lack the knowledge, resources, and financial assets necessary for these leaders to prosper.

An employee of Tropical Mushrooms shows off her packaged mushrooms that are ready for distribution. Tropical Mushrooms is the sole large-scale black-owned mushroom producer in South Africa. It has greatly expanded over the past decade due to a loan guarantee by ANDE member Shared Interest.

The power of an SGB

The case of Tropical Mushrooms (Pty) Ltd. demonstrates the prosperity-creating power of a small business and the innovative approaches that have been pioneered to help SGBs grow.

Launched in 1999 by Peter Nyathi, Tropical Mushrooms is South Africa's sole major black-owned mushroom grower and the seventh-largest mushroom producer in the country. After completing an honors degree in agriculture, Peter worked at Denny's Mushrooms (South Africa's largest

grower) for 14 years. In 1998, he decided to go out on his own and founded Tropical Mushrooms. There he made a significant commitment. "I wanted to pledge everything I have," he recalled, "except my wife." Peter quickly realized that he would have a hard time selling his product directly to consumers because of the conservative, segregated area in which he operated. Recognizing the limits of his local market, Peter began to sell to wholesalers and retail chains as well as pizza restaurants.

Peter made his initial investment in Tropical Mushrooms in partnership with a European equity fund, Equity Africa. Since inception, Tropical has grown steadily, increasing its sales revenue from R1.6 million to R4.6 million between 2001 and 2005, and R10

million in 2009 – despite the recession and production challenges during the year. The company has grown from 65 employees in 2006 to 105 today. Full-time workers earn approximately R3,000 a month, which is significantly greater than the minimum rural wage of R1,200. Peter also provides benefits, including a provident fund, group life insurance, and funeral insurance. Moreover, workers who have served for at least three years are eligible to participate in the employees' trust, which currently owns 18 percent of the company. In 2003, Tropical was named Africa's Best Agricultural Small and Medium Sized Enterprise.

What are Small and Growing Businesses?

"Small and Growing Businesses" (SGBs) are high-growth, high-impact businesses.

While the definition varies by country, ANDE defines SGBs as commercially viable businesses with 5 to 250 employees that have significant potential for growth and whose managers desire to grow them. Typically they seek capital from \$20,000 to \$2 million.

SGBs are different than the more traditional characterization of Small and Medium Enterprises (SMEs) in two fundamental ways. First, SGBs are different from the livelihood-sustaining small businesses (included in the SME definition), which start small and are designed to stay that way. Second, unlike many medium-sized companies, SGBs often lack access to the financial and knowledge resources required for growth.

Note: For standardization purposes, in this report we will consistently use the term SGB, even in situations where the data comes from a report that uses the term SME.

Thanks to a loan guarantee from Shared Interest/Thembani, a US-South African investment partnership, Tropical is continuing to expand. With new buildings, equipment, and 35 additional workers, the company now produces its own compost. Peter plans to double the size of the growing area and boost output, elevating sales revenues to a projected R15 million in 2011. Even as Tropical grows, the company continues to make charitable donations to not-for-profit organizations that serve impoverished, abused, and HIV-positive women and children.

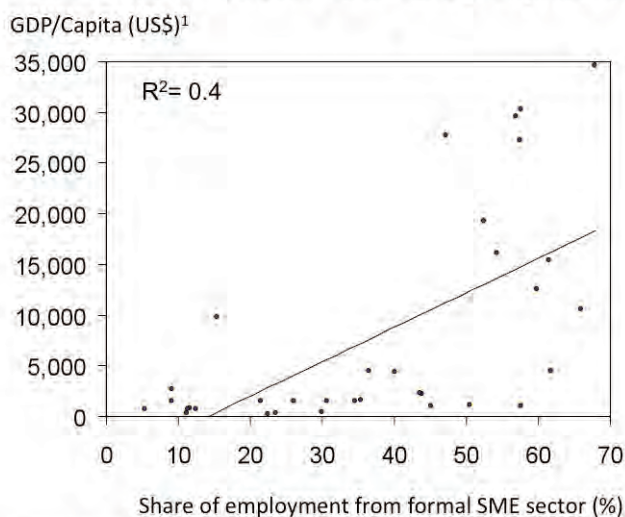
SGBs are engines of economic growth and job creation

As the story of Tropical Mushrooms shows, SGBs can be powerful engines of prosperity creation. Around the world, there is a positive relationship between the size of a country's formal small-business sector and its GDP per capita (Figure 1). This evidence suggests that as formal

SGB employment rises, gross domestic product increases.⁶

Figure 1

GDP and formal SME employment



1. Real GDP per capita in US\$

Note: The SME data analyzed in report were drawn from existing cross-country databases with coverage periods ranging from 1990-1999

Source: Ayyagari, Beck and Demirguc-Kunt, "Small and Medium Enterprises across the Globe: A New Database", World Bank 2003; Dalberg analysis

SGBs also provide significant economic multiplier effects. A 2004 study conducted by the Small Enterprise Assistance Funds (SEAF), one of the world's largest multinational investment organizations targeting SGBs, found that for every \$1 invested in a small and growing business, another \$10 is generated for the local economy. In this same study, SEAF found that two-thirds of the total employment generated is made up of low-skilled workers, demonstrating that SGBs are generating new jobs suitable for the poor.⁷ This is one of the key differentiators between a small and growing business and the types of activities that are currently funded by microfinance institutions. While microenterprises typically remain in the informal economy and employ only two

or three people, SGBs strive to become formal businesses with the capacity to hire 20 or 200 employees. When SGBs grow, their increased demand for supplies supports job creation among their locally based suppliers, thereby promoting economic growth at an even greater scale. Moreover, SGBs often innovate to increase productivity in their sectors and stimulate further growth by paying taxes. This power to create economic opportunities for large numbers of people while formalizing the businesses that form the backbone of a local economy is what we believe makes SGBs such powerful engines of growth.



Madai is a Black Sea anchovy fishing company in the Republic of Georgia. With a \$3 million investment from the Small Enterprise Assistance Funds (SEAF), the company is growing its own fleet, modernizing its processing capacity, and doubling the size of its workforce to 108. The investment is also helping Madai buck a trend of Georgian companies leasing out their fishing licenses to foreigners. According to SEAF, if Madai is successful, it will produce a demonstration effect among other Georgian companies holding licenses, encouraging the companies to invest in their fleets, and train and hire local Georgian crews. This SGB holds the power to greatly impact employment in the former Soviet nation.

SGBs generate sustainable social and environmental impact

In addition to generating economic growth and job creation, many SGBs also explicitly pursue social and environmental goals (see examples in Figure 2). These businesses are at the forefront of a new approach to international development – one that does not rely on wealth to trickle down,

Figure 2	Social Impact	Environmental Impact
SGB Name	VisionSpring	WilkinSolar
Location	India, Bangladesh, El Salvador, Ghana, Guatemala	Ghana
Investment	VisionSpring loans entrepreneurs the Business in a Bag. Vision Entrepreneurs repay once the glasses have been sold.	E+Co invested \$127,000 to help WilkinSolar establish operations
The Need	In the developing world, eye-glasses are primarily available in high-priced, urban optical shops. Glasses are sold at significant margins out of reach for the rural poor. Most rural poor are unaware that an affordable product exists to restore their vision.	Many poor urban and rural Ghanaian families rely on kerosene and firewood for lighting. Both of these fuel sources are harmful to health, dangerous when used indoors, and contribute to environmental degradation in the form of greenhouse gas emissions and deforestation.
Business Description	Recruits local entrepreneurs as “vision entrepreneurs” to sell high quality, affordable eyeglasses in their community	WilkinSolar sells solar home systems and solar powered lanterns to these urban and rural households that lack access to electricity. WilkinSolar’s lanterns provide clean, modern energy to more than 3,000 households, schools, and street lights.
Social and/or environmental benefits generated	Job creation (3,844 active vision entrepreneurs to date); Improved health and productivity (over 360,000 glasses sold)	Renewable energy; Fewer greenhouse gases; Decreased deforestation

but rather directly provides new economic opportunities to people who are working their way out of poverty. For example, people who live in slums or rural areas often rely on SGBs for essential goods and services – such as clean water, medicine, and transportation – because neither larger companies nor governments have found ways to serve those markets. SGBs also serve as a gateway for people who live in poverty to access global market opportunities. Smallholder farmers obtain critical supplies such as fertilizers from SGBs and work through SGBs to sell their produce into national and international value chains. SGBs play this role because larger companies often overlook this population or do not have business models that allow them to work at this smaller economy of scale.

SGBs are powerful models for social and environmental impact because, unlike traditional charitable approaches, SGBs are demand driven, commercially disciplined, and financially sustainable.

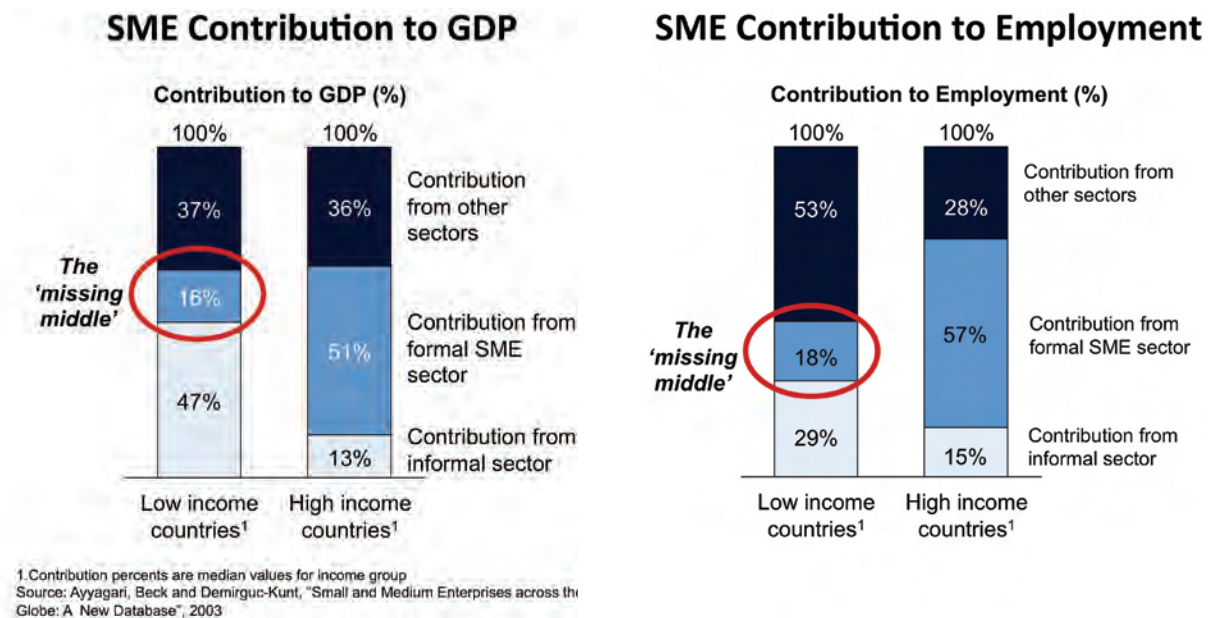


For millions in the developing world, cooking is hazardous to one's health. Stoves that are commonly used in these regions release toxic benzene, carbon monoxide, and formaldehyde, and are blamed for killing 1.6 million people every year. Envirofit, a nonprofit using clean two-stroke-engine technology research, partnered with the Shell Foundation and in 2008 introduced a range of virtually smoke-less stoves. Since their launch, these stoves have helped thousands of families in India breathe easier. The stoves will soon be available in more than a dozen developing countries across Asia, Africa, and Latin America. Engineered to burn poisonous fumes and particles before they escape into the air, the stoves reduce toxic emissions by up to 80 percent and fuel consumption by some 60 percent. The fuel savings from these stoves mean they pay for themselves in just six months.⁸

Despite these benefits, there is an acute absence of formal SGBs in most developing countries

Developing economies are typically comprised of a large mass of informal microenterprises and a few large corporations, with relatively few small and medium firms in between. In high-income developed countries, formal small businesses contribute 51 percent to the total GDP and 57 percent to total employment. In sharp contrast, formal small businesses in low-income developing countries contribute, on average, only 16 percent total GDP and 18 percent of employment (Figure 3). Development economists refer to this lack of formal SGBs and lack of financing available for existing SGBs as the “missing middle.” Large firms receive financing from established banks and corporations, while microfinance institutions supply individuals with financing. SGBs, in the end, are left with very few options.⁹

Figure 3: Contribution to GDP and employment by business type (2003)



There are three main internal challenges that contribute to the paucity of small businesses in emerging markets: a scarcity of skilled employees, poor market information, and insufficient financial capital. While these problems partially stem from broader issues with the regulatory and operating environment, the following deficiencies are endemic and particularly acute for SGBs:

- **Skills:** There is a severe lack of education and business experience in emerging markets. Many entrepreneurs do not have formal business training and find it difficult to build a qualified management team as the existing educational infrastructure cannot generate enough talent at the right levels to meet their needs. In developed markets, educational institutions, small business consulting firms, and specialized government programs provide this necessary business training. As an additional challenge, skilled professionals in many developing world markets are frequently drawn toward opportunities to work in larger companies or abroad. While a wide range of “enterprise development” activities are underway in developing countries, more targeted forms of training and mentoring are required to fill the gaps and ensure sufficient SGB leadership with appropriate skill sets.
- **Market information:** Even if good ideas are matched with skilled people, there is frequently a lack of access to market information that is critical to propelling a successful strategy. Basic market size and scope data is often lacking, and more sophisticated market segmentation information is unavailable and/or very expensive to generate. The specific market information required varies by purpose and business type and may require access to technologies or

business relationships not easily acquired in emerging markets. In developed markets, supportive government policies and dedicated agencies provide this kind of market information to SGBs.

From an investment perspective, the information flow is restricted in both directions: entrepreneurs lack the knowledge of risk capital providers in the arena, while interested investors are unable to target where the greatest opportunities lie. This dearth of concrete data perpetuates the fear that these markets are risky.¹⁰

- **Financial Capital:** SGBs in developing countries face highly constrained capital markets for both debt and equity.

Access to debt: Most SGBs find it difficult to secure debt capital from traditional banks. Often banks perceive these small businesses to be too risky for lending, as SGBs may lack audited financial statements or other required documentation. When banks are willing to lend to a SGB, it is frequently at an extremely high interest rate and comes with onerous collateral requirements. These obligations can drain a small business of much-needed cash flow during critical stages of growth. The challenges will not easily remedy themselves purely through market-based mechanisms. In many developing countries, there is still relatively low competition for serving SGBs among local banks.

Access to equity: For the majority of SGBs in developing countries, equity investment is simply unavailable. Small businesses' capital needs are typically far below the deal sizes that are attractive to most private equity firms (i.e., \$2-5 million). Furthermore, capital markets in developing countries usually do not support traditional exit strategies – such as an initial public offering (IPO) or sale to a strategic buyer. The “friends and family” angel investor networks that often make smaller equity investments in developed countries are not yet as robust in emerging markets. When equity is an option, many businesses, particularly those that are family-owned, are not structured appropriately or are not comfortable accepting a majority-stake equity investor. Given these challenges, SGBs often require quasi-equity offerings – debt instruments with equity-like characteristics, such as flexible repayment terms or revenue-based returns. However, these products are not typically available from traditional investors in emerging markets, nor are the regulatory environments favorable to these types of financial innovations.



The Small and Growing Business Sector

“ANDE is so important to us because it allows us to participate in the genesis of a project that will bring together technical assistance providers, investors, and foundations so that we can create an industry and ecosystem that focuses on small and growing businesses.”

– Fabrice Serfati, Chief Financial Officer, IGNIA Fund (Mexico)

A group of innovative organizations is working to unleash the potential of SGBs

The barriers faced by SGBs are difficult but not insurmountable. Throughout the developing world, organizations that support SGBs have emerged to help entrepreneurs address these barriers and take advantage of growth opportunities. The ecosystem in the SGB space starts with the companies themselves, but also includes a variety of direct-support intermediary organizations, like investment funds and business-assistance providers, in addition to entities like foundations and multilaterals that fund the intermediaries (Figure 4).

Organizations that support SGB intermediaries

These organizations provide capital, training, research, and/or other types of support to the SGB intermediaries. SGB-support organizations include foundations, multilateral/bilateral organizations, private investors, and research and training institutes. Foundations have been particularly active in recent years, serving as financial and intellectual catalysts in the formation of a variety of intermediary groups, including ANDE.

Investing in Agriculture: The Bill and Melinda Gates Foundation

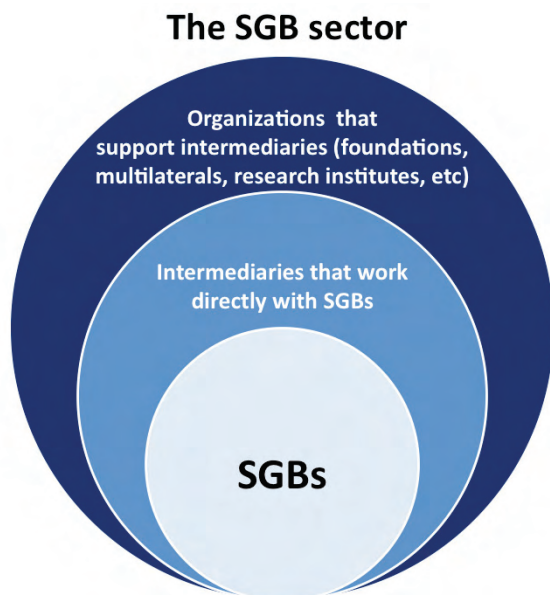
In December 2009, Root Capital received a program-related investment (PRI) from the Bill & Melinda Gates Foundation’s Agricultural Development initiative. This six-year, \$10 million PRI will be used as loan capital to scale operations in sub-Saharan Africa, enabling Root Capital to extend credit, financial management training, and global market opportunities to rural SGBs. In addition, the Gates Foundation awarded Root Capital a \$4 million operating grant to support their five-year growth plan to achieve a financially self-sustaining lending program. The Agricultural Development initiative of the Gates Foundation is working with a range of partners in South Asia and sub-Saharan Africa to provide small farmers with the tools and opportunities to boost their productivity, increase their incomes, and build better lives for themselves and their families.¹¹

A vision entrepreneur working for VisionSpring’s Ghana Franchise Partner, Freedom From Hunger, conducts a vision screening at the Musama Disco Christo Church. To date, VisionSpring has sold over 360,000 glasses throughout Africa, Latin America, and South Asia.

Intermediaries

These organizations provide direct support to SGBs. They include investment funds that typically make investments of \$2 million or less (debt, equity, and/or other types of capital) in SGBs as well as business-assistance providers that supply advisory services, mentorship, and/or other knowledge resources to SGBs.

Figure 4: The SGB sector



There is a consensus among experts that financial-transaction sizes below \$2 million are more challenging to source and execute on a purely commercial basis. Businesses with growth capital requirements of less than \$2 million often have significant needs for technical assistance to improve operations and strategy. In response, the funds that serve this segment have distinguished themselves from traditional private equity firms by innovating new ways to meet the financial and technical-assistance requirements of SGBs. Intermediaries have pioneered new investment structures like quasi-equity and new business-assistance programs like global mentorships and SGB-specific training seminars.

- **Supporting Social Entrepreneurs: Santa Clara Global Social Benefit Incubator**

The Global Social Benefit Incubator (GSBI) at Santa Clara University works with a select group of social enterprises to help them overcome barriers to scale through business model innovation and mentoring by Silicon Valley entrepreneurs. After a rigorous selection process, GSBI combines a distance-based learning program with an intensive in-residence two-week workshop and follow-up mentor support. Class of 2009 participant Dastkar Andhra promotes rural livelihoods by providing technical assistance training for handloom weavers and linking rural cooperative institutions to marketing networks in urban India. GSBI measures their success on the impact their alumni have on the beneficiaries they serve. Over the seven-year history of the program, 85 percent of alumni are still working at their social ventures and more than a third of all alumni are scaling as measured by significant growth in beneficiaries served with a positive cash flow.

- **Building a War-Torn Economy: CHF International and the Liberia Enterprise Development Finance Company**

Following a challenge from Liberian President Ellen Johnson-Sirleaf at the 2006 Clinton Global Initiative to help support the country's reconstruction of its private sector after two decades of civil strife, CHF International joined into a partnership with the Overseas Private Investment Corporation (OPIC) and RLJ Companies to establish the Liberian Enterprise Development Finance Company (LEDFC) – a non-bank financial institution that provides loans to SGBs in Liberia. OPIC committed \$20 million in loan capital, the RLJ Companies provided start-up operating capital, and CHF International provided management and program-implementation support.

Liberia's tremendous natural wealth and infrastructure-development needs provide an opportunity for the development of a vibrant SGB sector. However, SGBs in Liberia lack access to long term financing, which they need for upgrading and expansion. LEDFC is filling the gap and is currently the only source of term financing for SGBs in Liberia. LEDFC's ability to make loans in such a difficult environment was enhanced by innovative SGB credit-analysis tools that were implemented during the past year with the assistance of CHF International's Office of Development Finance. These tools significantly improve the efficiency and effectiveness of the SGB credit underwriting process.

By the end of 2009, LEDFC approved 29 loans for a total of \$2.7 million. LEDFC financing helped create and directly support over 370 jobs and many more on a secondary basis. LEDFC financed SGB clients working in the health, hospitality, transportation, construction materials, retail, agribusiness, and food-services industries. One of their clients is Terravilla Gardens, a 55-acre farm outside of Monrovia. Terravilla Gardens obtained a \$30,000 loan to purchase a truck that has enabled them to expand their market beyond the local community. Unable to operate during the civil war due to damaged infrastructure and lack of capital, Terravilla Gardens has once again become a thriving business with a 16-person staff.

- **Entrepreneurship Training to Revitalize Education: Global Business School Network**

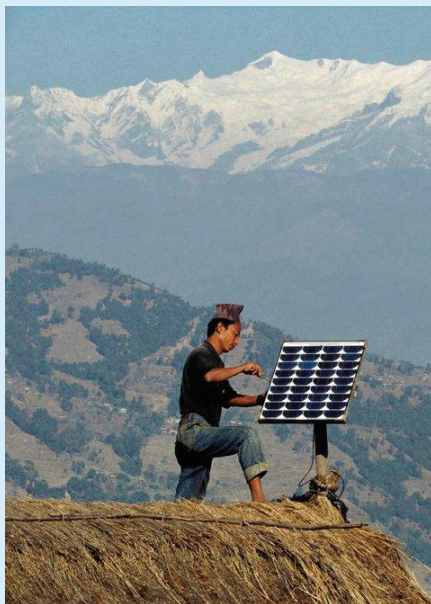
To address the training needs of small enterprises and entrepreneurs in Nigeria, the Global Business School Network (GBSN) assisted Lagos Business School's Enterprise Development Services to expand its small-enterprise training programs to include a series of short courses in key management topics, culminating in an entrepreneurship degree program. The Certificate in Entrepreneurial Management (CEM) was designed to implement hands-on learning through a series of modules and case studies. It has since been successful in developing the managerial and entrepreneurial skills of the owners of over 350 businesses. GBSN also runs programs in Social Sector Management (SSM), which has trained 24 nonprofits to date, and Essential Management Skills (EMS), which has trained over 200 heads of small business departments.

- **Advising Services to Increase Success: Advantage Ventures**

Barefoot Power supplies solar LED light products to impoverished populations in Africa and South East Asia who lack access to the electrical grid and currently rely on kerosene lighting. The company trains entrepreneurs as well as all supply-chain partners, including importers, distributors, static retailers, mobile entrepreneurs, and microfinance organizations, to help develop micro-energy markets and eliminate kerosene lighting. It seeks to scale up production and replicate their successful LED lighting model in more villages that currently lack access to electricity. Barefoot Power (BFP) has created the Barefoot Power Trade Finance Fund to make lighting solutions to poor, rural populations in Kenya and Uganda more affordable.

The Fund is co-managed by Oikocredit, which has lent more than \$1 billion to the poor over the past 30 years. Investments in the Fund are used to finance containers of product which are then shipped and distributed by partners on the ground. The model allows for entrepreneurs to train other micro-entrepreneurs on the ground to disseminate the lamps to the end users. These entrepreneurs on the ground are further supported by the sale of the lamps, thereby contributing to the growth of SGBs in the regions where BFP offers services.

Avantage Ventures is acting as the advisor to Barefoot Power to execute the financial side of their Trade Finance Fund. With Avantage's help, Barefoot is well-positioned to



Lotus Energy is a solar photovoltaic manufacturing and distribution company in Nepal that provides clean, environmentally friendly, renewable energy products and services. Established in 1993, Lotus began as a small, local operation, unable to secure working capital for materials and goods needed to serve the Nepalese demand effectively. E+Co began working with Lotus in 1997 by providing an equity investment of \$350,000 and capacity building services. Today, Lotus employs more than 66 agents in five offices throughout Nepal. The company installs approximately 2,000 solar home systems each year, as well as larger community systems that power water pumps and vaccine refrigerators. By choosing solar home systems, villagers save an average of \$150 per year – money previously spent on kerosene, candles, and batteries.

raise additional money for the fund and other activities. With funds mobilized to date, Barefoot Power has reached more than 30,000 households with clean and renewable energy solutions.

There are almost 200 funds worldwide that are collectively raising over \$7 billion to invest in SGBs

Over the past year, Dalberg Global Development Advisors assembled a robust database of investment funds around the world. Based on this landscape review, we have identified 192 funds that state that they invest in emerging-market SGBs and are willing to make investments smaller than \$2 million.¹² This includes funds with vintage years as early as 2001 and funds that are still fundraising and have not yet officially launched. The cumulative target size of these funds is over \$7 billion.

Figure 6:
Total target fund size for current SGB investment funds versus emerging-market private equity and microfinance markets

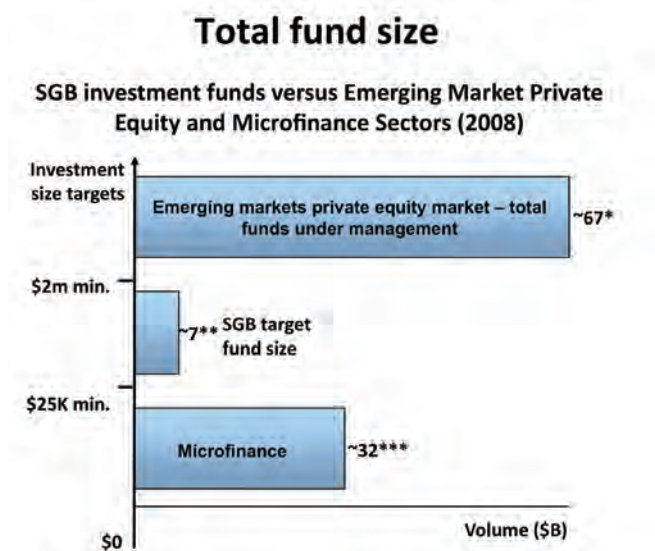
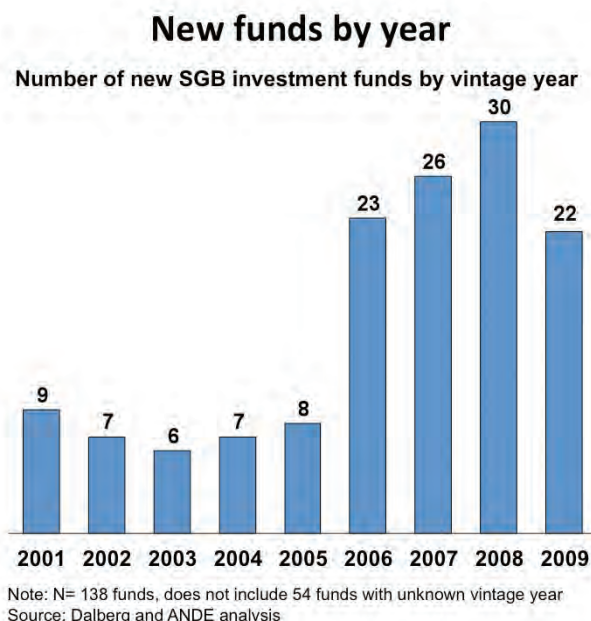


Figure 5:
Number of new funds by year from 2001-2009



This number has grown rapidly in recent years as existing funds accelerate their fundraising efforts and new funds enter the market. From 2001 to 2005, six to nine new funds were launched each year. Since 2006, the number of new funds launched per year has jumped to over 20 (Figure 5).

Despite this recent rapid growth, the SGB sector is still significantly smaller than the microfinance and emerging-market private equity markets (Figure 6). In 2008 alone, microfinance institutions made \$32 billion in loans, while private equity firms focused on emerging markets had \$67 billion under management.

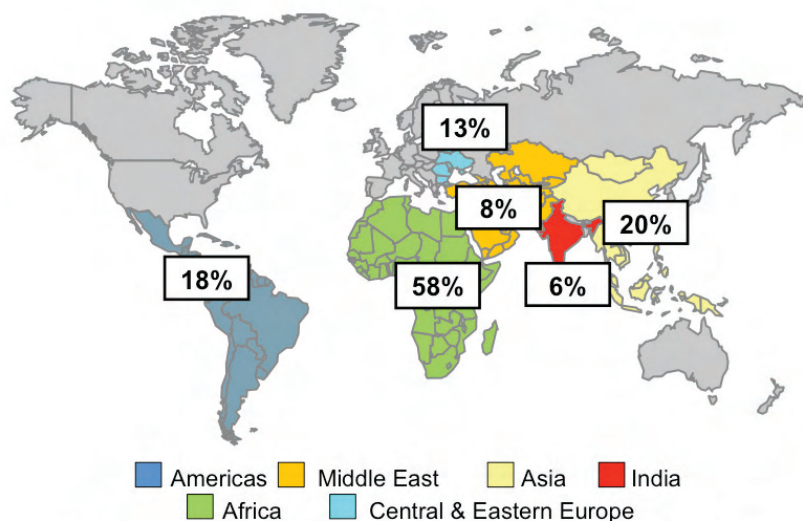
SGB intermediaries are active globally and increasingly locally-based

SGB funds are investing throughout the emerging markets, with Africa, Asia, and Latin America receiving the most attention (Figure 7).

In recent years, the number of funds headquartered in emerging markets has grown rapidly. Sixty-

Figure 7

Percent of identified SGB funds investing in key regions



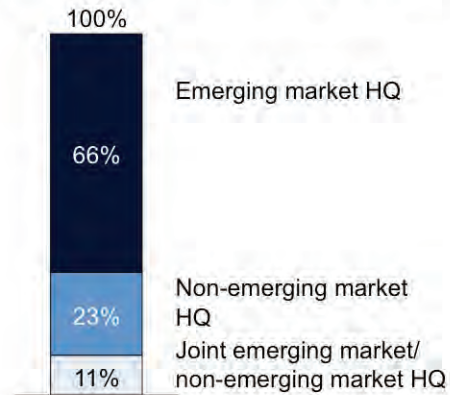
Note: N=186, does not include 6 funds with unknown investment regions.
Funds investing in multiple regions are counted once for each region
Source: Dalberg analysis

six percent of the identified investment funds are based in emerging markets (Figure 8), and 81 percent of these emerging-market-based funds have been launched in the last three years. The recent spike in native funds dedicated to SGB investing suggests an important strengthening of the local financial ecosystems in many emerging markets.

Figure 8

Breakdown by HQ location

Percent of SGB funds by headquarter location (%)



Note: N=176, does not include 16 funds with unknown headquarter location

Source: Dalberg analysis



Alan
Patricof
Grossman, LLC

ANDE's Role and the Impact of our Members

"We joined ANDE because it's a nonpartisan convening place that brought leading players to the table. And, through our participation, we met some amazing institutions that we would otherwise not have met."

– Yvonne Li, Founder, Avantage Ventures (China)

ANDE convenes the SGB sector

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations that invest money and expertise to propel entrepreneurship in emerging markets. ANDE members are the vanguard of a movement focused on SGBs that create economic, environmental, and social benefits for developing countries. Officially launched in 2009, ANDE is a member-driven organization housed within the Aspen Institute, an international nonprofit that promotes enlightened leadership.

ANDE members share a common goal: to dramatically increase the amount and effectiveness of capital and business assistance for entrepreneurs in developing countries. ANDE is focused on building the "missing middle" – those small and growing businesses that are too big for micro-finance and still overlooked by traditional commercial finance and private equity. Ultimately, ANDE members seek to forge sustainable prosperity in the developing world.

As of December 2009, 80 organizations were part of the ANDE network: 43 percent are financial investors (most of these also provide technical-assistance services to the firms in which they invest), 29 percent are technical-assistance providers only, 11 percent are philanthropic foundations, and 18 percent are research institutions or other SGB sector experts.

The ANDE members who invest capital in SGBs manage 51 funds.¹³ Collectively, these 51 funds have deployed \$830 million and are targeting a cumulative fund size of \$1.7 billion.¹⁴

ANDE members support a wide range of SGBs in developing countries

ANDE members are pursuing a diverse set of investment strategies that range across geographies, social impact, target investment size, and target returns. This diversity in focus and goals allows ANDE members to represent the broad spectrum of organizations in this field and to meet the needs of the equally diverse set of SGBs in developing countries.

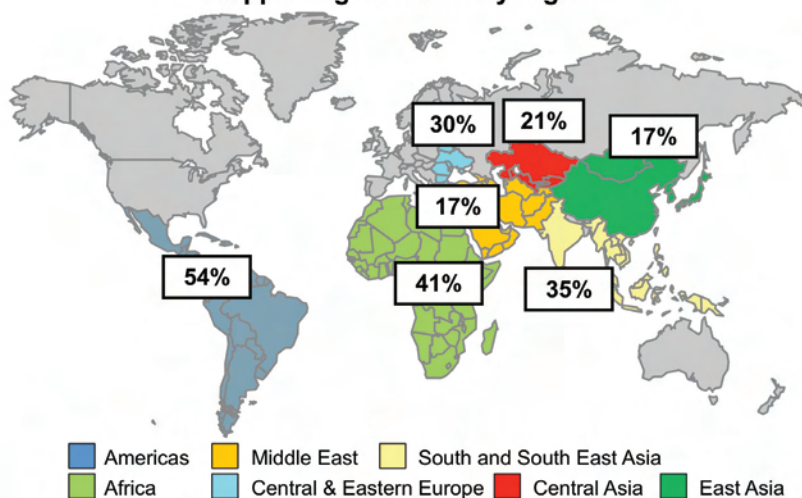
ANDE Annual Conference speaker and private-equity expert Alan Patricof discusses his session on the future of SGB investing with conference participants Andrew Stern and Sewit Bocresion. Over 115 participants from 19 countries attended the 2009 ANDE Annual Conference.

Geographic focus: Collectively, ANDE members are working across all emerging-market regions, with operations in more than 130 developing countries (Figure 9).

Figure 9

ANDE members by geography

Percent of ANDE funds and capacity builders supporting SGBs in key regions



Note: Funds investing in multiple regions are counted once for each region; N=71
Source: ANDE member data; Dalberg analysis

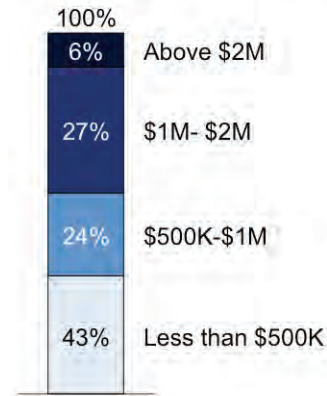
Social Impact: 89 percent of ANDE members target businesses that not only create jobs and economic growth, but also promote double – or triple-bottom-line returns by generating social and/or environmental impact for their communities.

Target investment size: ANDE members manage funds with target average investment sizes that vary from \$25,000 to \$6 million, with 94 percent of funds targeting an average investment size under \$2 million (Figure 10).

Figure 10

ANDE intermediary target investment size

Percent of ANDE member investment funds with target average investment size

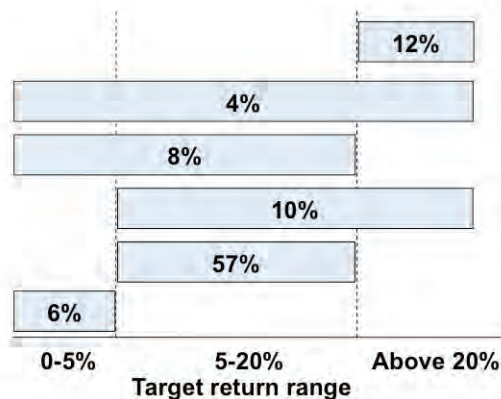


Target returns: ANDE members span the full spectrum of target returns, from nominal returns below 5 percent to returns of over 20 percent (Figure 11).

Figure 11

ANDE intermediary target benefit

Percent of ANDE member funds with target IRR range



Note: N=48, does not include 3 ANDE member funds that have not provided target IRR range
Source: ANDE member data

ANDE's members have already generated significant impact

To date, ANDE members have made 2,499 investments in SGBs totaling \$830 million.¹⁵ Among those funds that reported historical investment-size information for these past investments, 96 percent of the total number of investments made were investments under \$2 million.¹⁶

ANDE members are also investing heavily in technical-assistance activities. In the last year, 33¹⁷ ANDE members spent \$96.8 million on technical-assistance activities. Of this, 7 percent was spent by ANDE investment funds and 93 percent spent by intermediaries specializing in capacity-building activities.¹⁹

ANDE members' capital and capacity-building investments frequently unlock additional sources of capital for the companies supported. Leveraging investments from ANDE investors, ANDE portfolio companies have secured at least \$1.7 billion in additional funding.¹⁹

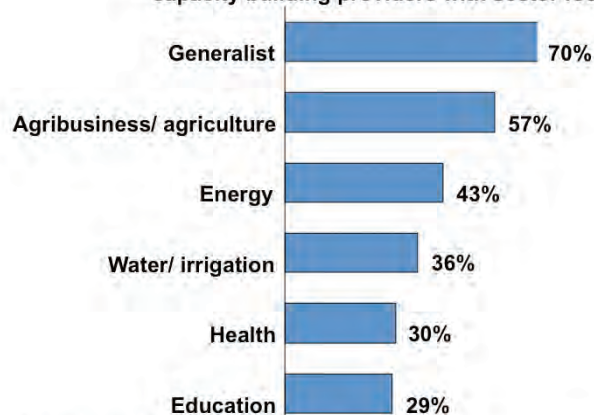
ANDE portfolio companies transform this funding and capacity-building support into benefits for employees, customers, and suppliers. In 2009, ANDE-supported SGBs:

- Employed nearly 305,000 people
- Served 74.4 million customers

Figure 12

ANDE Member's focus

Percent of ANDE member investment funds and capacity building providers with sector focus



Note: Respondents could select more than one answer
N= 70 funds and capacity building providers; Percentages based on number of funds and capacity builders, not dollars invested
Source: ANDE member data; Dalberg analysis

Members and the SGBs they support are addressing pressing social issues

ANDE members are supporting businesses that address a full range of international-development challenges. Many of these businesses directly address issues prioritized in the Millennium Development Goals and other global initiatives. While 70 percent of ANDE members consider themselves generalists, 57 percent of members target SGBs focused on agriculture, and 43 percent are focused on energy (Figure 12).

How ANDE Members Address Global Development Priorities

Free Press: Media Development Loan Fund

The Malaysian government tightly restricts newspapers, television, and radio, resulting in censorship and little dissent. In 1999, two dedicated journalists took advantage of laws that protect free speech online and launched Malaysiakini.com to provide an alternative to the pro-establishment media. As the sole independent news source in the country, Malaysiakini's readership was reaching 100,000 visitors a day within eight months of its launch.

When the dot-com bubble burst, however, Malaysiakini suffered a sharp drop in online advertising revenue and was forced to reassess its business model. With the help of an equity investment and strategic advice from the Media Development Loan Fund, it switched to a subscription-based model in 2003, leading to an immediate increase in revenue. While Malaysiakini constantly works to stay at the intersection of new technology and independent news, its real driver for business is that it has made itself indispensable to the Malaysian people. Leading up to the 2008 election, Malaysiakini provided reliable, nonpartisan information about all candidates free of charge.

In spite of their success, or perhaps because of it, one of Malaysiakini's biggest challenges is government harassment. In January 2003, their office was raided by police who removed 19 computers and four servers. After years of investigation and harassment, the police finally announced that no charges would be brought and the computers were returned. Despite the harassment, Malaysiakini has achieved full financial sustainability, ensuring its place as the country's premier source of independent news.

Low-Cost Housing and Education:

Alitheia Capital

Nigeria's construction sector faces serious issues with quality control, skilled labor, and the high cost of imported building materials. For three years, the license holder for EasyCrete—a building technology used to construct quality homes quickly and affordably—was unable to secure financing to commercialize the technology. By using modular concrete panels, this technology enables a team of six to construct a three-bedroom bungalow in two weeks. This reduces the need for imported materials and increases quality control.

Alitheia Capital provided debt-financing and incubated the business to produce and deploy the EasyCrete system. Through Impact Building Systems, a vehicle jointly owned with HIS (the license holder), Alitheia secured its first contract with the Kwara State of Nigeria to construct 200 classroom blocks with the EasyCrete system, serving up to 30,000 children as part of a UK Department for International Development-funded initiative. They also constructed a factory to produce additional low-cost construction projects, including housing, clinics, and other community infrastructure. To date, 14 classroom blocks with sanitary facilities have been constructed with the rest scheduled to be completed by end of 2010. In addition to providing the debt-financing, Alitheia continues to play an active role in the management of the company as well as project- and construction-management support on the Kwara project.

Malnutrition: Acumen Fund

In Kenya, poor maternal micronutrient and energy intake affects many women, leading to high rates of stunting and poor micronutrient status in children. This in turn can lead to high rates of diarrhea, poor intellectual development, and increased risk of morbidity and mortality. Among children between the ages of 12 and 23 months, the prevalence of stunting has increased to 40 percent a month.

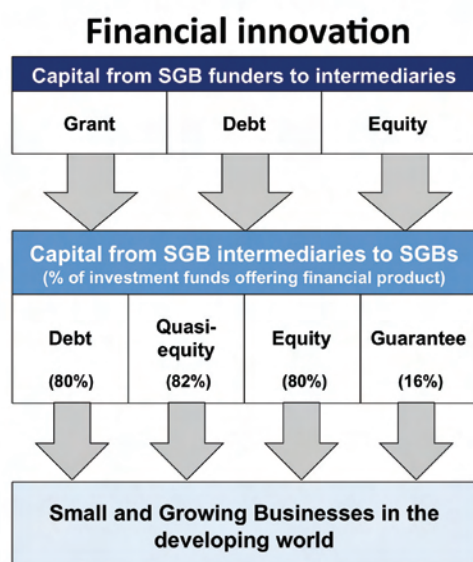
A diet that includes complete protein is critical in Kenya, where animal products are expensive and a rare complement to most Kenyans' vegetarian-by-default diets. Insta Products Limited is a Kenyan-based private company that manufactures a protein and vitamin rich pre-cooked porridge product. This porridge supplies all nine essential amino acids required by the human body.

With Acumen Fund's support, Insta is marketing and manufacturing up to 15,000 metric tons per year of nutritionally-enriched porridge. The ultimate goal is to sell this fortified food to low-income families through affordable retail distribution. While the retail channel is being piloted, the bulk of Insta's volumes go to supplying the aid market – organizations like UNICEF and USAID distribute Insta's product in relief situations and through their HIV/AIDS programs. A 400g packet of Insta product provides a balanced meal to a family of four and will sell for about 64 cents.

ANDE Members provide a wide range of financial products to meet SGBs needs

ANDE members have created innovative ways to convert traditional debt and equity into a broader range of financial products that meet SGBs' needs (Figure 13). Some intermediaries

Figure 13:
How ANDE members fund SGBs' financial needs



Note: N=51 member investment funds
Source: ANDE member data; Dalberg analysis

provide quasi-equity products. Other members offer guarantee products to help banks provide debt to SGBs at more attractive interest rates. Many intermediaries combine multiple products, including traditional debt and equity, to create a more flexible investment offering for SGBs.

Members provide a variety of capacity-building services to SGBs

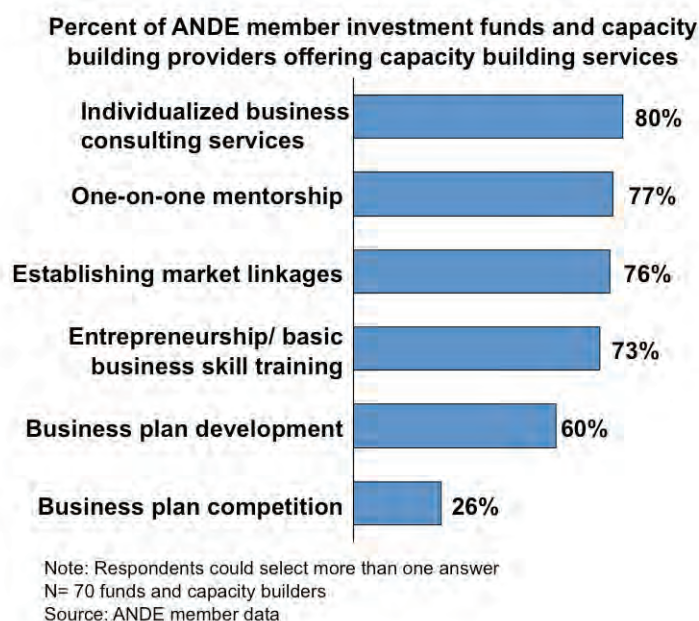
Offering the right mix of financial products is not always enough to ensure that a business can grow. SGBs typically require capacity-building services in order to become investment-ready and to achieve success post-investment. These services can include support for developing business plans, compiling financial statements, building management teams, or accessing new markets (Figure 14).

ANDE members are taking a range of novel approaches to providing these services in a cost-efficient, effective, and scalable way. Two examples of these innovative models include:

- **IGNIA: Shared Services**

A common bottleneck for scaling up new enterprises is an efficient administrative platform that can sustain dramatic growth. IGNIA runs a shared-services company in Mexico that manages administrative processes and centralizes the management of outsourcing relationships for all of their portfolio companies. This ensures that the companies in which they invest are running efficiently and using money wisely. The business model of IGNIA's first investment, Primedic, demonstrates the crucial need for back-office support. Primedic is a leading provider of health care services in Monterrey, Mexico, which received an equity investment from IGNIA to triple the number of medical clinics and quadruple the number of patients served. IGNIA Shared Services (ISS) developed the

Figure 14: Capacity-building services offered by ANDE intermediaries



foundation to provide ongoing operational support as the administrative basis for sustained growth. ISS managed all transactional functions of its clients, including treasury, accounting, payroll processing, and taxes – all functions that have proven to be difficult for small and growing business entrepreneurs.

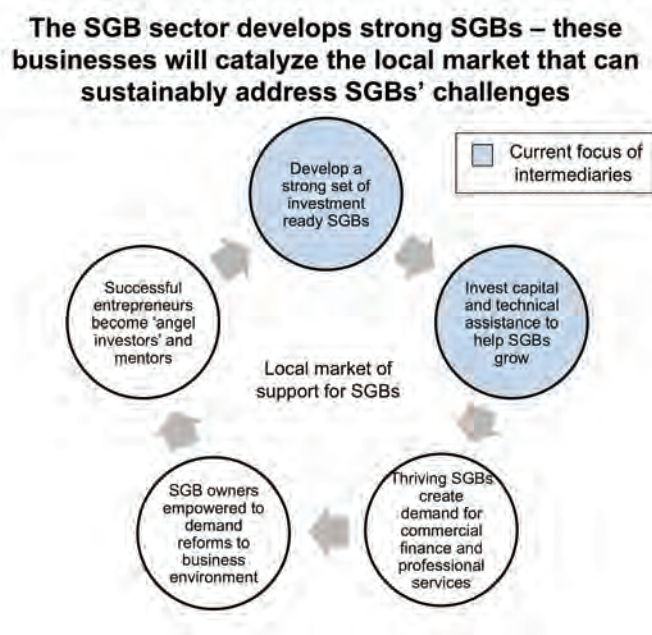
- **TechnoServe: Value-chain Approach**

TechnoServe maximizes its impact by strengthening entire industries. After pinpointing a high-potential industry, TechnoServe works with stakeholders to formulate a plan to develop the industry by concentrating on points of greatest opportunity and constraint along the value chain, such as production or processing. TechnoServe focuses on implementing the plan and unlocking its potential through an enterprise-focused approach. For example, TechnoServe analysis showed that SGBs in the Peruvian mining region of Cajamarca had untapped potential to provide competitive products to local, regional, and international markets, as well as to supply the food needs to the Minera Yanacocha mine. From 2003 through 2008, TechnoServe assisted businesses in the region to develop markets through personalized training, diagnostic analysis, mentoring, and monitoring. With \$500,000 in initial funding for phase I and \$600,000 in phase II, the project resulted in 54 businesses posting incremental revenues of more than \$12 million. TechnoServe currently works on value chains and entrepreneurship programs with close to 1,000 businesses in 19 countries positively impacting the lives of more than one million people a year.

Members also encourage the development of local SGB markets

In the long run, a thriving, local SGB market – including banks, angel investors, investment funds, mentors, educational institutions, and local service providers – is required to bring a region out of poverty. ANDE members believe that their direct and indirect work with SGBs will help build thriving companies. This in turn will stimulate the growth of local finance and service providers that support small businesses, as well as create a constituency to demand improvements in the overall business environment (Figure 15).

Figure 15: ANDE member rationale for investing in SGBs



In addition to their work with SGBs to create the demand for a local market, some ANDE members are engaging directly with the local institutions to accelerate market development. They work with local commercial banks to develop profitable products that serve SGBs, create networks of angel investors to invest in SGBs, work with educational institutions to improve their ability to train SGB managers, or work with local technical-assistance providers to develop a suite of services attractive to SGBs. Three specific examples of these activities are:

- **Root Capital: Making trade finance accessible**

Root Capital is a nonprofit social investment fund that pioneers finance for small and growing businesses in rural areas of developing countries. Root Capital moves beyond

traditional approaches to collateral by using future sales contracts (from Starbucks for coffee, for example) as collateral for its loans. When the goods are shipped, the buyer pays Root Capital directly for interest and loan principal and Root Capital remits the balance to the borrower. This method has led to a repayment rate of over 99 percent. By collaborating with global buyers, financial institutions, and like-minded development entrepreneurs to spread financial innovations and social business practices, Root Capital is catalyzing the creation of a capital class to bridge the “missing middle” between micro-finance and corporate banking.

- **ShoreBank: Investing in local financial institutions**

ShoreBank’s international companies are committed to the triple bottom lines of targeted community investment, environmental conservation, and profitability. ShoreCap International (SCI) invests in local financial institutions lending to micro and small businesses in developing and transitional economies. Managed by ShoreCap Management, SCI investors have made more than 2.5 million loans worth nearly \$3.1 billion. ShoreCap Exchange, a nonprofit, strengthens SCI investees by leveraging grants to support capacity building and through managing a peer learning and knowledge exchange network for international microfinance and small business finance institutions. ShoreBank International (SBI), SBK’s consulting arm, has worked in more than 75 countries helping commercial banks, microfinance entities, and other institutions reach individuals and entrepreneurs who are too small or too poor to obtain access to quality financial services. Since 1988, SBI has overseen disbursement of more than \$676 million in some 84,000 micro, small business, and real estate loans to households and entrepreneurs, with an average charge-off rate of less than 1.0 percent. In a newer line of business, SBI has also raised more than \$130 million in debt and equity vehicles.

- **Endeavor: Supporting high-impact entrepreneurs and creating venture capital markets**

Endeavor catalyzes economic growth in emerging markets by identifying and supporting high-impact entrepreneurs. These entrepreneurs expand employment, generate wealth, and inspire others to innovate. Sixty-nine percent of Endeavor Entrepreneurs have started a company that is the first in its industry in their home countries.²⁰ Once successful, these entrepreneurs often become the cornerstones of local angel and venture-capital networks. Well over 70 percent of the Endeavor entrepreneurs agree to serve as mentors to emerging entrepreneurs in their home countries. With Endeavor’s guidance they become high-impact – expanding employment, generating wealth, and inspiring others to innovate. Often overlooked, these local entrepreneurs are now jumpstarting private-sector development in their countries.



ANDE's Efforts to Grow the Sector to Scale – 2009 In Review

ANDE and its founding members, including the Aspen Institute, have done a phenomenal job of bringing together a culturally and ethnically diverse group of innovative organizations and institutions. Now we have the network to make a real difference in growing the SGB sector globally.”

– Ricardo Terán, Co-Founder, Agora Partnerships (Nicaragua)

ANDE is working to grow the sector and help its members be more effective

In its first year of operation, ANDE has attracted over 80 members who share a commitment to strengthening the SGB sector. Network members have already made a significant impact in supporting SGBs, but they are convinced that collectively much more can be accomplished. ANDE has divided its primary efforts into five focus areas:

Knowledge Creation and Knowledge Sharing

ANDE held two major conferences in 2009: in March, the official launch of ANDE in London, and, in October, the first annual member conference in Glen Cove, New York. Both conferences were oversubscribed, representing a broad cross-section of the sector. Participants hailed from 19 countries and over 65 organizations. Featured speakers included private-equity expert Alan Patricof and entrepreneur and Harvard Business School Professor Michael Chu. Programming included a speed networking session, a panel with leading development agencies, and multiple roundtable breakouts to discuss common challenges.

During 2009, ANDE held ten sector update calls, on which an average of 15 participants discussed new trends, co-investment opportunities, and business-assistance programs within the SGB space. ANDE created and maintains a member-only website that contains a knowledge library and a searchable directory of member intermediaries and funders. Our monthly newsletter now reaches over 1,000 subscribers.

Impact Assessment

While the amount of capital and technical assistance provided to SGBs has grown due to the vision and leadership of some pioneering organizations, attracting additional investors into the sector will require a more robust business case informed by rigorous and comparable measures of financial and social-impact performance. Recognizing that the absence of basic market infrastructure constrains impact and capital flows, ANDE members are working toward establishing a standard set of accounting methods and impact measurements.

ANDE is an active participant in the Impact Reporting and Investment Standards (IRIS) initiative. IRIS seeks to develop and implement a common vocabulary and framework for defining, measuring, and reporting the social and environmental performance of impact investments. Working with the Global Impact Investing Network (GIIN), ANDE is committed to promulgating the IRIS initiative to organizations in the SGB sector. The new ANDE Impact Assessment Manager will spearhead the IRIS adoption among our membership.

Creating a space for the open discussion of these challenges is a main ANDE priority. In May, ANDE joined Grassroots Business Fund (GBF) in hosting our first annual metrics and evaluation workshop—“Metrics from the Ground Up.” With over 100 participants in attendance, discussion revolved around various efforts in the impact metrics field and included presentations from the UNDP Growing Inclusive Markets Initiative and USAID. As a follow-up to the workshop, GBF and ANDE have launched a metrics working group to continue the discussions.

Education and Awareness

ANDE is committed to educating businesses, foundations, civil society, and government leaders about the power of SGBs to drive development. We aspire to be a leading source of industry information and the most trusted convener of sector participants. ANDE has already begun to develop relationships with leading development organizations and members of the media.

In July, ANDE and the Calvert Foundation convened a group of 40 leaders in the field of economic development to discuss the concept of a US-supported Global Entrepreneurship Facility. In December, ANDE sponsored a roundtable for USAID to brainstorm effective and innovative strategies to mobilize commercial capital for investment in developing-world SGBs. Throughout the year, we met with leaders at government agencies and bilateral and multilateral organizations to introduce them to the ANDE network. In addition, ANDE has started a communications working group to focus on the dissemination of a common vocabulary and ensure there is consistent messaging among stakeholders.

Recruitment and Training

Large-scale SGB sector growth will require developing a pool of talented and committed professionals, both to run intermediary organizations today and to train the class of professionals who will be leading local efforts to support SGBs in the future. ANDE has been working with members to address the challenges of finding and retaining investment and business professionals. In many areas, the sector is still young and, therefore, there is a limited supply of local investment professionals. In fact, 54 percent of ANDE funds and capacity-building organizations are five years old or younger, and 72 percent began in 2000 or later.

Training new investment professionals, especially in small firms, is expensive. But much of the skills and knowledge required are similar across organizations, creating an opportunity to share training resources and achieve scale that is not possible alone. ANDE is playing a critical role in developing these shared talent-development resources. This past year, ANDE held an Orienta-

tion Training for new hires and summer associates of member organizations that brought over 50 young professionals together to learn about “Impact Investing 101.”

Capacity Building

Internal capacity building is a hurdle that almost all members face. It is difficult for SGB support organizations to find funding to pay for expenses associated with building their capacity to service SGBs effectively. To meet this challenge, ANDE raised a \$1 million Capacity Development Fund with generous funding from The Lemelson Foundation, the Bill & Melinda Gates Foundation, and Shell Foundation. In 2009, ANDE released two RFPs, allowing ANDE members to apply for grants of up to two years and \$150,000. Two types of grants are funded – capacity-building grants supporting internal-capacity initiatives and innovation/collaboration grants that support initiatives focused on cross-sector collaboration.

In the first round of funding, \$522,000 was awarded to 15 ANDE member organizations who participated in eight proposals. The second round of grants will be selected and awarded in Q1 2010.

ANDE in 2010

“I believe that ANDE can serve as a key catalyst in this SGB space. With its strong membership base, ANDE has the potential to move SGB support to the mainstream of the development agenda. Even better, we may develop new models of support that will ultimately empower local entrepreneurs to make emerging markets actually emerge.”

-Patricia Safo, Chief Executive Officer, JCS Investments (Ghana)

This is just the beginning for ANDE. In 2010, ANDE will continue to broaden our operations both internally and externally. In addition to expanding the metrics conference, annual conference, and orientation training, ANDE will launch an investment-manager training in Kenya, hold a Latin American regional conference in Nicaragua, and co-host an Impact Investing Forum in Washington. We plan to assist our members by launching regional hubs in select developing-world countries, delivering research on the value of technical assistance to companies and investors, mapping the capital sources/providers that operate in the space, and forming deeper corporate partnerships. Externally, we will continue to incubate relationships with government offices and multilateral institutions, promoting the SGB cause wherever possible. We seek to become a trusted partner to our members and a trusted advisor and advocate to the broader development and international-investment community. Our work in 2009 represented an exciting start for ANDE. We look forward to further forging the network and increasing our collective impact in 2010.

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9. “Stimulating Investment in Emerging Market SMEs,” Milken Institute. 2009.
10. Ibid.
11. Root Capital Press Release. December 10, 2009.
12. Includes funds for which minimum investment size is not available.
13. Of these 51 funds, 16 are managed by SEAF, three are managed by MEDA Investments Inc., and two are managed by Grupo ECOS. (All ANDE member data is self-reported.)
14. Six funds did not report target fund size; one fund did not report past investment amount.
15. 51 ANDE member funds have made 2,499 investments that total \$830 million.
16. Excluding one ANDE member fund representing 450 investments that did not report quantity under \$2 million.
17. Data not available for remaining ANDE members.
18. 12 funds and 11 capacity builders reporting.
19. Based on reporting by 21 funds.
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ANDE 2009 Executive Committee

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Executive Vice President and COO,
Small Enterprise Assistance Funds (SEAF)

Christine Eibs-Singer

Co-Founder and CEO, E+Co.

Willy Foote

Founder and CEO, Root Capital

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Executive Vice President, The Aspen Institute

Andrew Stern

Partner, Dalberg Global Development Advisors

Ricardo Teran

Co-Founder and Managing Partner, Agora
Partnerships

Brian Trelstad

Chief Investment Officer, Acumen Fund

Chris West

Director, Shell Foundation

Simon Winter

Senior Vice President-Development,
TechnoServe, Inc.

ANDE Members (as of March 1, 2010)

Absolute Return for Kids (ARK)

Acumen Fund

African Agricultural Capital

Agora Partnerships

Avantage Ventures

Avina Foundation*

Alitheia Capital

Appropriate Infrastructure
Development Group (AIDG)

Artemisia Brazil

The Aspen Institute

ATMS Foundation/AMSCO

Babson College

Bid Network

The Bill & Melinda Gates Foundation

Business Solutions for Peace (BPeace)

Calvert Foundation

CDC Development Solutions

CHF International
Center for Creative Leadership
Citi Foundation
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Endeavor
Energy Access Foundation
Finance Alliance for Sustainable Trade (FAST)
Financial Services Volunteer Corps*
FSG-Social Impact
Fundacion Bavaria
Fundacion Bolivia Exporta
FUNDES
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Grassroots Business Fund
GrupoEcos
Heart Social Investments
I3 Advisors LLC
IGNIA Partners, LLC
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InReturn Capital
JCS Investments
KickStart
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Mennonite Economic
Development Associates (MEDA)
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Omidyar Network
Pan-African University-
Enterprise Development Services*
PYME Capital
Rainforest Alliance
Ranji Nagaswami/Bo Hopkins
Rianta Capital
The Rockefeller Foundation
Root Capital
Root Change
RTI International
SA Capital Limited
Salesforce.com Foundation
Santa Clara Global Social Benefit Incubator
Serengeti Advisers
Shared Interest
Shell Foundation
ShoreBank/ShoreCap Exchange
Skoll Foundation
Small Enterprise Assistance Funds (SEAF)
SNV Netherlands Development Organisation
Social Equity Venture Fund (S.E.VEN Fund)
SOLyDES
Swisscontact
TechnoServe
Universidad de los Andes
VillageReach
Villgro
VisionSpring
Vox Capital
William Davidson Institute,
University of Michigan

* Member joined after December 31, 2009 and not included in aggregate report data.

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