

# 2011 Impact Report



The mission of the Aspen Network of Development Entrepreneurs (ANDE) is to increase the amount and effectiveness of capital and capacity development assistance for small business entrepreneurs in developing countries. With the right support, we believe that small and growing businesses (SGBs) can generate jobs and address major social and environmental problems. Ultimately, our goal is to significantly reduce poverty in the developing world.

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**“Small and Growing Businesses” (SGBs) are high-growth, high-impact businesses.** Although 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, SGBs seek growth capital from \$20,000 to \$2 million.

SGBs differ from the more traditional characterization of small and medium enterprises in two fundamental ways. First, SGBs are different from the livelihood-sustaining small businesses, which start small and are designated to stay that way. Second, unlike many medium-sized companies, SGBs often lack access to the financial and knowledge resources required for growth.

\* \* \*

## SGBs and Broader Sector Trends

In the past few years, projections of market potential – both supply and demand – for impact investing in emerging markets have demonstrated the sector’s momentum.

It is not possible to get accurate data on the actual amounts raised by funds focusing on SGBs, but we are able to track fundraising targets—or the amount of capital that fund managers hope to raise—as an indicator of investors’ confidence and expected growth.

SGB financing is one of the principal segments of the emerging market impact investment, one that ANDE and a growing number of experts consider the best way to achieve the greatest social impact on local economies.<sup>1</sup>

### 2011: By the Numbers

#### SGB Sector

- 35 funds launched in 2011 that include SGBs as target investments; average fund size grew 30 percent.
- 10 percent of total emerging market private equity fundraising amounts in 2011 was for SGBs.

#### ANDE Members

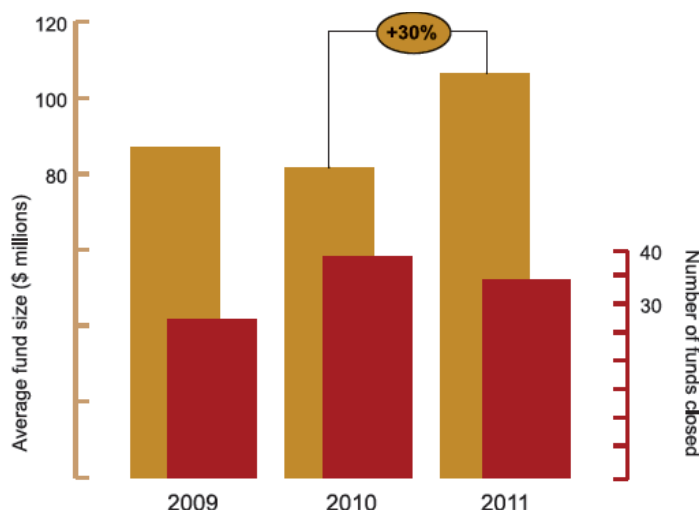
143 members collectively operate in over 150 developing countries

- 37 members invested \$750 million in 1,075 investments in the latest year; 91 percent of the investments were equal or under \$2 million in size.
- \$112.6 million was provided for capacity development activities.
- To date, 21,000 SGBs have received direct capacity development services, and nearly 2,200 have received direct investments from ANDE members.

<sup>1</sup> S. Bragger and G. Niggermann. “Socially Responsible Investments: Introducing Impact Investing.” UBS Wealth Management Research, August 11, 2011.

Over the past three years, fundraising targets for funds focused on SGBs increased by 71 percent, reaching \$3.73 billion in 2011. During this same time, 102 SGB funds closed fundraising efforts and began making investments. In 2011, the SGB-focused fundraising targets constituted 10 percent of the total targets for emerging market private equity funds. Funds that were known to be raising capital from 2009 to 2011 targeted sub-Saharan Africa (32%), Latin America (23%), and India (21%). Even though the number of funds dropped slightly between 2010 and 2011, their average target size rose by 30 percent, indicating that fund managers are building capacity for increased investment.

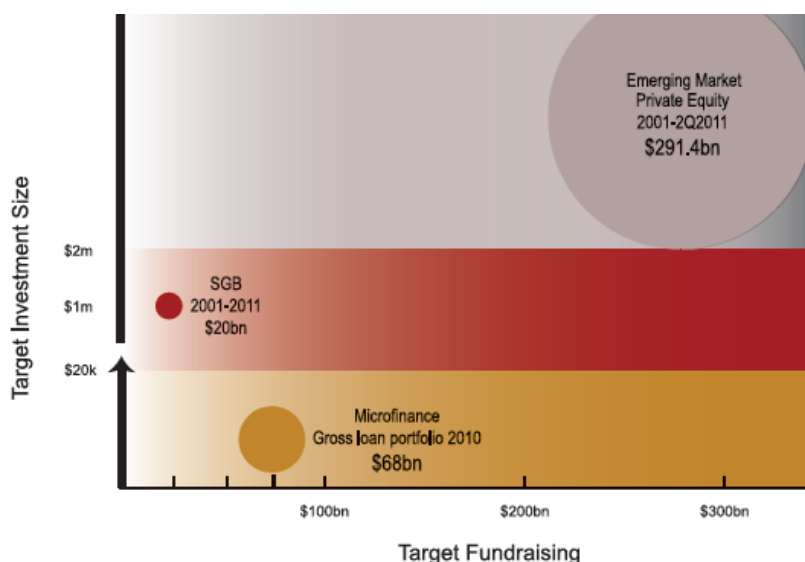
#### New SGB-Focused Funds and Their Average Size



Source: Dalberg Analysis.

Over the past decade, SGB-focused fundraising reached \$20 billion, but this was less than one-tenth of the total emerging market private equity fundraising in the same period and only one-quarter of the microfinance portfolio in 2010.

#### Comparing the SGB Sector to Microfinance and Emerging Market Private Equity: Target Fundraising



Source: Emerging Market Private Equity Association, MIX Market, Dalberg Analysis.



## The Impacts of ANDE's Members

ANDE members represent the full range of organizations that support an entrepreneurial ecosystem. They include capacity development organizations, public and private financial investors, corporations, grant-making foundations, and research and training institutions.

**Investors:** ANDE's investor members make direct capital investments in SGBs in emerging markets using innovative financial structures. When asked to list their impact focus as economic, environmental, and/or social, 100 percent of investors reporting listed economic and social, with 61 percent selecting environmental as well.<sup>2</sup> To date, ANDE members have made 4,143 investments of \$20,000 to \$2 million. But the field is still very young. Almost one-quarter of these investments and 41 percent of the total capital invested were made in the past year. All but six of the funds have vintage years after 2000.

**Capacity Development Providers:** In 2011, ANDE members spent \$112.6 million providing SGB capacity development services.<sup>3</sup> Ninety-one percent of ANDE's capacity development providers supported small businesses in their expansion stage.

**Foundations:** ANDE's foundation members support the sector through funding intermediaries that support SGBs, contribute to sector research, and provide capital in various forms. In 2011, ANDE's foundation members disbursed \$17 million in program-related investments (PRIs) to emerging market SGB-focused investment funds. In comparison, they allocated \$3.1 million in grants to emerging market SGB-focused investment funds and \$40.5 million in grants to SGB-support organizations.<sup>4</sup>

## The Potential of Aggregated Data

This year, for the first time, ANDE is able to examine the next level of our members' impact, using aggregated data from the companies that our members support. We are able to do this through a close partnership with the Impact Reporting and Investment Standards (IRIS) and the Global Impact Investment Rating System (GIIRS). ANDE's members were critical to the beginning phases of both initiatives, leading the way to create frameworks and also to contribute data. As IRIS and GIIRS enter the next stage of development, ANDE and our members will continue to play a central role in promoting these standard measures and ratings for the impact investing community. The current data set, made up of 628 SGBs supported by twelve ANDE members, offers an opportunity to better understand trends, barriers, and opportunities for SGBs. Using aggregate data, we can move beyond reporting only financial performance to incorporating social and environmental measures. See the full report for illustrative data.

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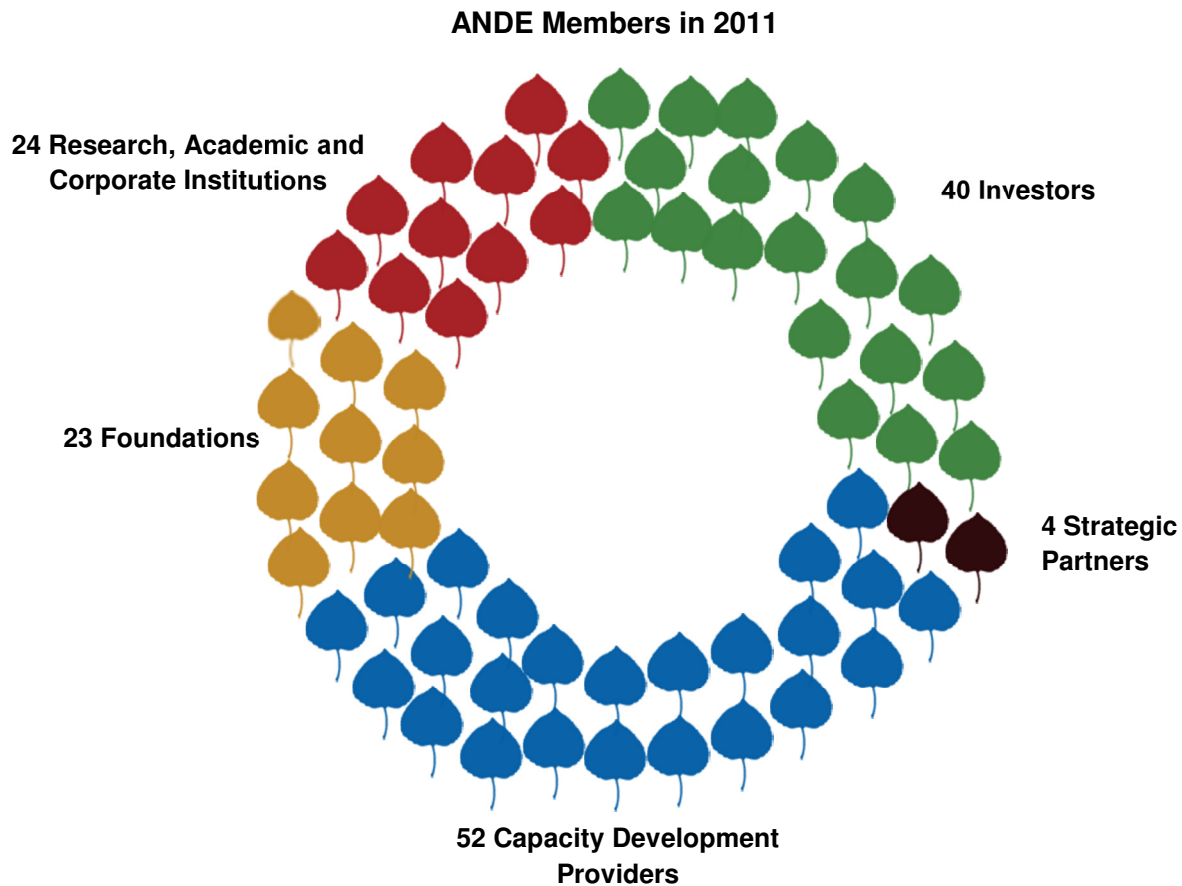
<sup>2</sup> n = 33.

<sup>3</sup> n = 39.

<sup>4</sup> n = 13.

## ANDE in Action – 2011 in Review

Like any other membership network, ANDE is only as strong as the organizations that form it, and in 2011, we got stronger. ANDE gained 54 new members organizations in 2011, ending the year with 143 members and an 86 percent retention rate.



Data as of January 2012

Highlights of the Past Year:

### Knowledge Sharing and Creation

- ANDE Annual Conference with participants from 116 organizations and 20 countries. Matthew Bishop from *The Economist* interviewed *Out of Poverty* author Paul Polak in the evening keynote.
- Launched a user-friendly, web-based member portal including a searchable directory, knowledge library, and virtual collaboration spaces
- Four working groups covering the topics of Capacity Development, Metrics/Research, Policy/Advocacy, and Women's Entrepreneurship
- Five regional chapters in Brazil, Central America/Mexico, East Africa, India, and South Africa

## Talent Development and Training

- Held two Investment Manager Trainings, one in Mexico and one in India, with 39 participants from more than 30 organizations
- Orientation Training for new hires and summer associates held in New York with 60+ attendees
- Additional leadership and financial literacy trainings and curriculum developed by members through the support of the Capacity Development Fund

## Metrics and Evaluation

- Third annual Metrics and Evaluation Conference held with more than 90 participants
- Continued partnerships with IRIS, GIIRS, and Pulse

## Research

- Received funding from Rockefeller Foundation and Bernard van Leer Foundation to establish and launch a new research initiative to help build an evidence base for ANDE's theory of change
- Hired ANDE's first Research Director and published a literature review summarizing the existing evidence base, finding:
  - Evidence for supporting SGBs as a way to alleviate poverty is compelling, though not conclusive. Although it is mainly *small* firms that currently employ or engage the poor, it is the *growing* firms that can help them out of poverty by offering higher, more stable wages.

## Capacity Development Fund

- In October 2011, announced the winners of the third round of funding, disbursing \$349,000 to nine projects

## Advocacy and Education

- Launched the Policy and Advocacy working group to coordinate members' policy efforts
- Commissioned a detailed mapping exercise of the organizational structures and leading decision makers for the major international development agencies based in Washington, D.C.

## The Coming Year

Over the next year, ANDE will continue all our current activities while focusing additional resources on four areas: regional chapters, research, corporate and bank outreach, and communications. We hope to expand and strengthen our membership and carry out activities aimed at demonstrating the value of SGBs in building prosperity in emerging markets.

## **ANDE 2011 and 2012 Executive Committees**

Mildred Callear  
Executive Vice President and COO  
Small Enterprise Assistance Funds

Maria Cavalcanti  
Former Chief Strategy Officer,  
AVINA Foundation

Christine Eibs-Singer  
Co-Founder and Former CEO, E+Co

Willy Foote  
Founder and CEO, Root Capital

Lisa Hall  
President and CEO, Calvert Foundation

Randall Kempner  
Executive Director, ANDE

Bob Kennedy  
Executive Director, William Davidson Institute  
University of Michigan

Raj Kundra  
Acting Chief Investment Officer,  
Acumen Fund

Graham Macmillan  
Senior Program Officer  
Citi Foundation

Peter Reiling  
Executive Vice President  
The Aspen Institute

Andrew Stern  
Global Operating Partner  
Dalberg Global Development Advisors

Ricardo Teran\*  
Co-Founder and Managing Partner  
Agora Partnerships

Brian Trelstad\*  
Chief Investment Officer  
Acumen Fund

Rodrigo Villar  
Director, New Ventures Mexico

Simon Winter  
Senior Vice President-Development  
TechnoServe, Inc.

\*Ended tenure at end of 2011.

## **ANDE Staff**

Genevieve Edens, Impact Assessment Manager  
Jenny Everett, Associate Director  
Jack Garvey, Program Coordinator  
Stella Hanly, Operations Associate  
Joanna Herrmann, Program Associate  
Randall Kempner, Executive Director  
Saurabh Lall, Research Director  
Rob Parkinson, Brazil Chapter Coordinator

## **ANDE Members (as of March 27, 2012)**

ACCION International	Fair Trade USA
Actis	FATE Foundation
Acumen Fund	Finance Alliance for Sustainable Trade
Africa Enterprise Challenge Fund	Ford Foundation
Africa Report	FSG Social Impact Consultants
Aga Khan Foundation	Fundación AVINA**
Agora Partnerships	Fundación Bavaria
Aid for Africa	Fundación Bolivar Davivienda
Akilah Institute for Women	Fundación Capital
Alcoa Foundation**	Fundación IES
Alitheia Capital	Fundación para la Producción
Appropriate Infrastructure Development Group	FUNDES
Argidius Foundation	GATE Global Impact
Artemisia Social Business	Global Alliance for Improved Nutrition
The Aspen Institute	Global Business School Network
ATMS Foundation/AMSCO	Goldman Sachs—10,000 Women Initiative
Avantage Ventures	Grameen Foundation
Bamboo Finance	Grassroots Business Fund
Bernard van Leer Foundation**	Gray Ghost Ventures
BidNetwork	GreaterCapital
The Bill and Melinda Gates Foundation	GroFin
B Lab	GVEP International
Bpeace (Business Council for Peace)	Haitian Hometown Associations Resource Group
Bridge Fund	Halloran Philanthropies
Calvert Foundation	IADB - Multilateral Investment Fund
CapitalPlus Exchange	ICCO
Center for Creative Leadership	I-DEV International
Cherie Blair Foundation for Women	IFMR
CHF International	IGNIA Partners LLC
Citi Foundation**	ImagineNations Group
Dalberg Global Development Advisors	Impact Amplifier
Dasra	InReturn Capital
E+Co	Instituto Hartmann Regueira
Ebay Foundation	Intellectap
ECSEL	International Finance Corporation
Emerging Markets Group Holding	Inveneo
Enablis	Inversor
Endeavor	Invest2Innovate
Enterprise Development Centre of Pan-African University	Kauffman Foundation
Equity Group Foundation	Lang Entrepreneurship Center, Columbia



Business School  
 Lemelson Foundation\*\*  
 LGT Venture Philanthropy  
 Lundin Foundation  
 Macquarie Infrastructure and Real Assets  
 Mads Asprem  
 Mara Foundation  
 MasterCard Foundation  
 MasterCard Worldwide\*\*  
 McKinsey  
 Media Development Loan Fund  
 Mercy Corps  
 Monitor  
 Monterey Institute of International Studies  
 Movirtu  
 Naya Jeevan  
 NESsT  
 New Ventures Mexico  
 New Ventures—WRI  
 Nexii  
 Omidyar Network  
 Open Capital Advisors  
 OTF Group  
 Overseas Private Investment Corporation  
 Oxfam  
 Partners in Food Solutions  
 Passport Capital Foundation  
 Pearl Capital Partners  
 Pershing Square Foundation  
 Potencia Ventures\*\*  
 Pragma Patrimonio  
 Prince's Youth Business International  
 PymeCapital  
 Renew Strategies  
 responsibility  
 Rianta Capital, Artha Initiative  
 River Star Foundation  
 Rockefeller Foundation\*\*  
 Root Capital  
 Root Change  
 RTI International  
 SA Capital Limited  
 Sandler Trade LLC  
 Santa Clara Global Social Benefit  
 Incubator  
 SCOPEinsight  
 Shared Interest  
 Shell Foundation  
 ShoreBank International Ltd.  
 Skoll Foundation

Small Enterprise Assistance Funds  
 (SEAF)  
 Stanford University  
 Stephen Claire Associates  
 Sustainable Harvest Specialty Coffee  
 Importers  
 Swisscontact  
 Synergy Social Ventures  
 TechnoServe Inc.  
 Thrive  
 Tony Elumelu Foundation  
 TransFarm Africa  
 TriLinc Global  
 U.S. Agency for International  
 Development  
 Universidad de Los Andes  
 University of Cape Town  
 VillageReach  
 Villgro Innovations Foundation  
 Vox Capital  
 Voxtra  
 Walmart  
 WEConnect International  
 William Davidson Institute at the  
 University of Michigan (WDI)  
 Willow Impact Investors  
 Yo Emprendedor  
 Zambian International Trade & Investment  
 Centre

\*\*These foundations provided additional  
 grant funding for 2011.

