



Aspen Network of  
Development Entrepreneurs

***ANDE and the SGB Sector***

**Introductory Presentation**

**ANDE Latin American Conference**

**March 24, 2010**

# Overview

- **Introduction**
- **State of the SGB Sector**
- **ANDE's Role in the Sector**

## Some Guiding Thoughts

*The world's most urgent pressing moral challenge, I submit, is the most obvious: global poverty... The solution to being poor is getting rich. It's economic growth. We know this.*

**Robert Samuelson**

*In reality, we must expand our moral imagination and understand that the struggle against extreme poverty and disease on the one hand and the climate crisis on the other are linked -- we cannot solve one without simultaneously solving the other.*

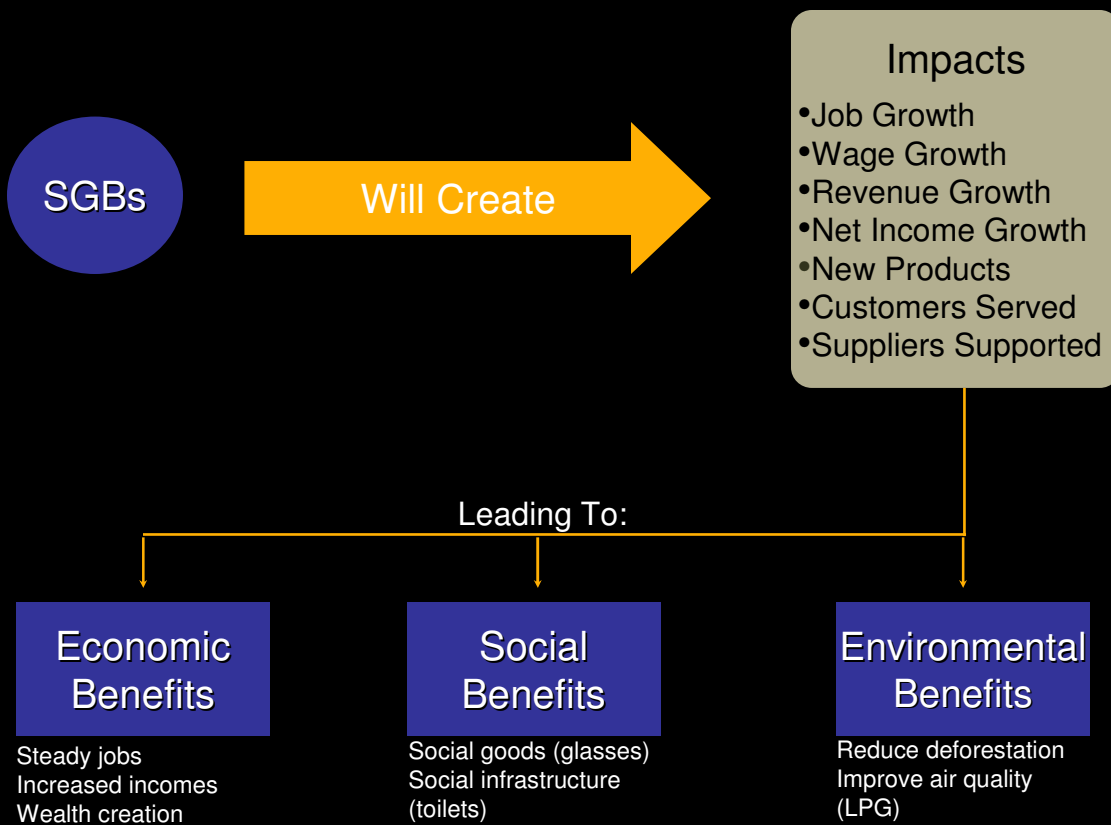
**Al Gore**



SGBs

Small and growing businesses (SGBs) are commercially viable businesses, typically from 5 to 250 employees, that have strong potential for **growth** -- and thus for creating economic, social and environmental benefits

# The Promise of SGBs

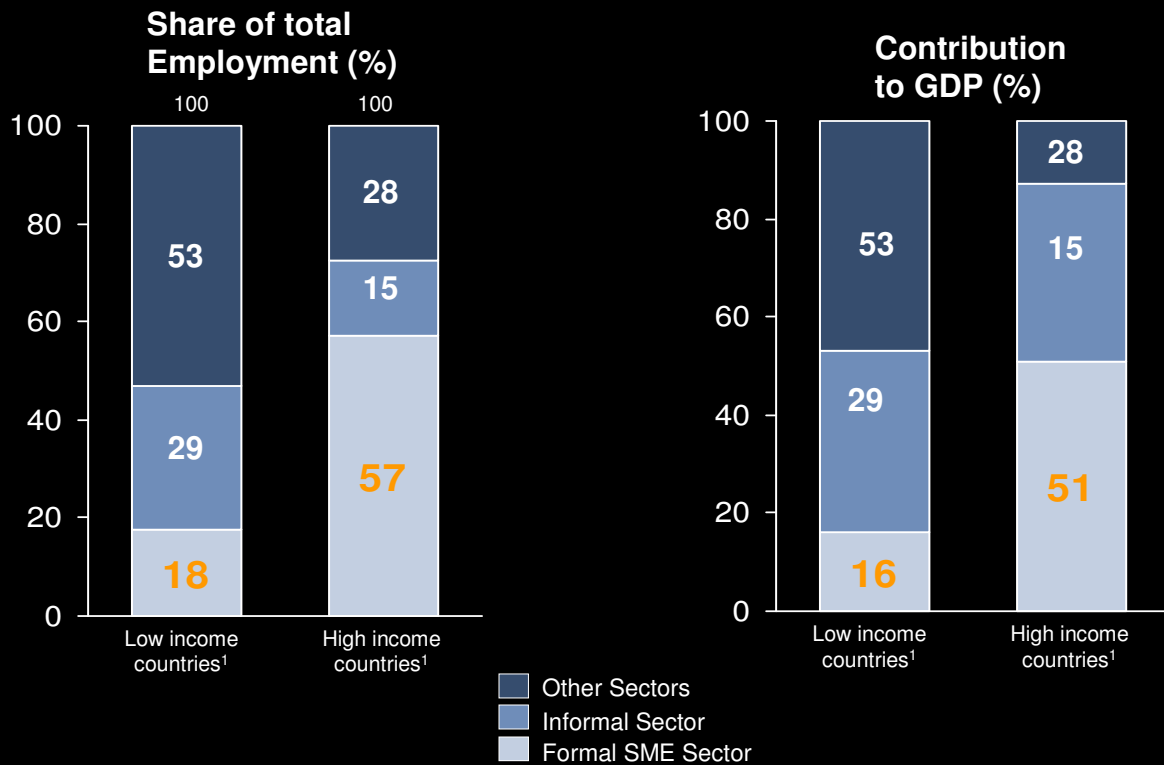


## Social Benefits of Entrepreneurship

- Vías de progreso basadas en el *mérito*
- Asimilación de poblaciones migrantes y marginalizadas
- Fomenta nuevas y valiosas capacidades en la sociedad

Source: Monitor Group, *Paths to Prosperity*, 2009

# Despite potential benefits, formal small business sectors in low income countries are much less developed

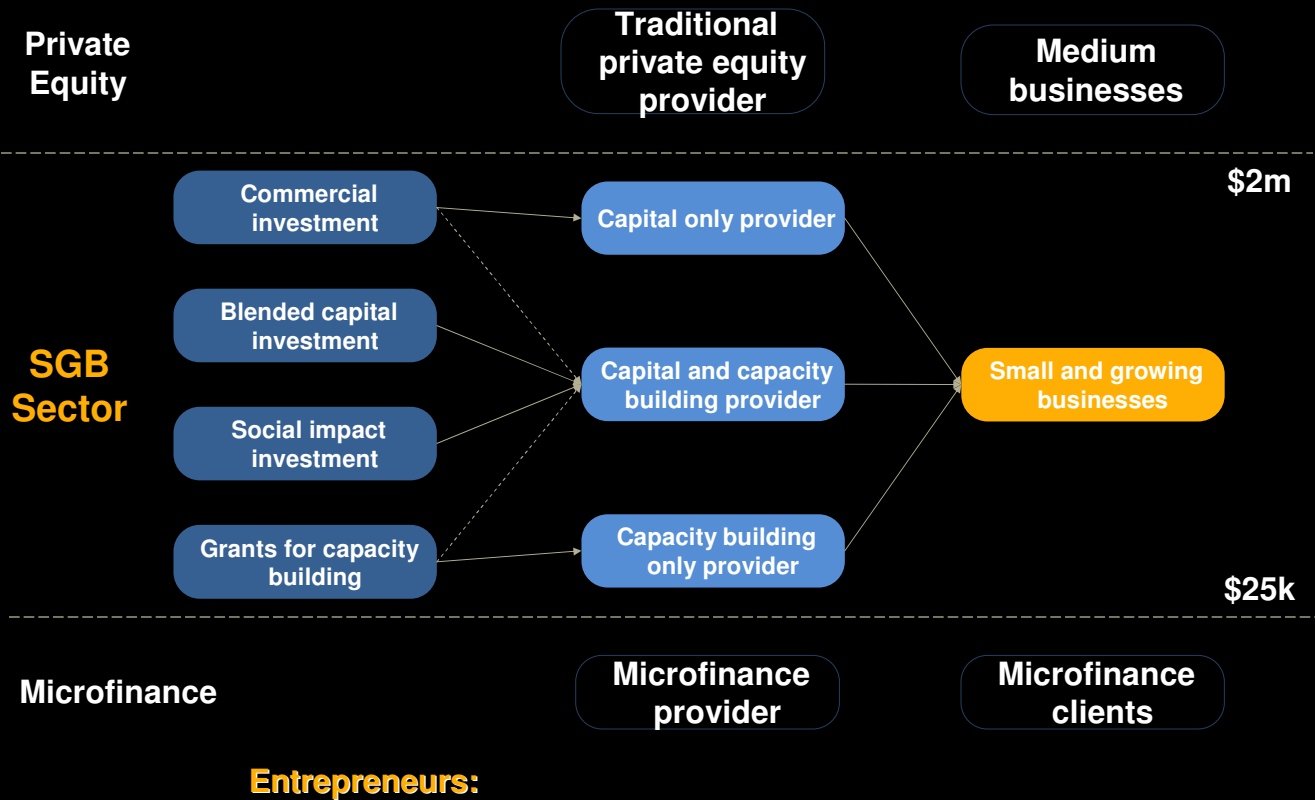


1. Contribution percents are median values for income group Source: Ayyagari, Beck and Demirguc-Kunt, "Small and Medium Enterprises across the Globe: A New Database", World Bank 2003; Dalberg analysis  
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# State of the SGB Sector

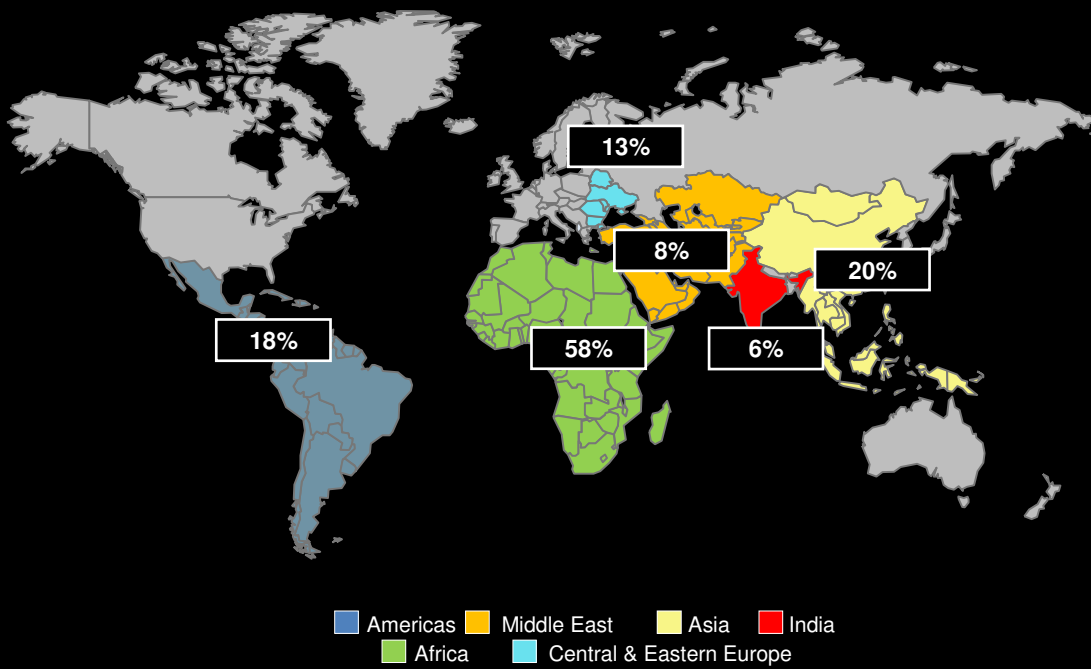


# Financial Flow Schematic of SGB Sector



# SGB investment funds by geography

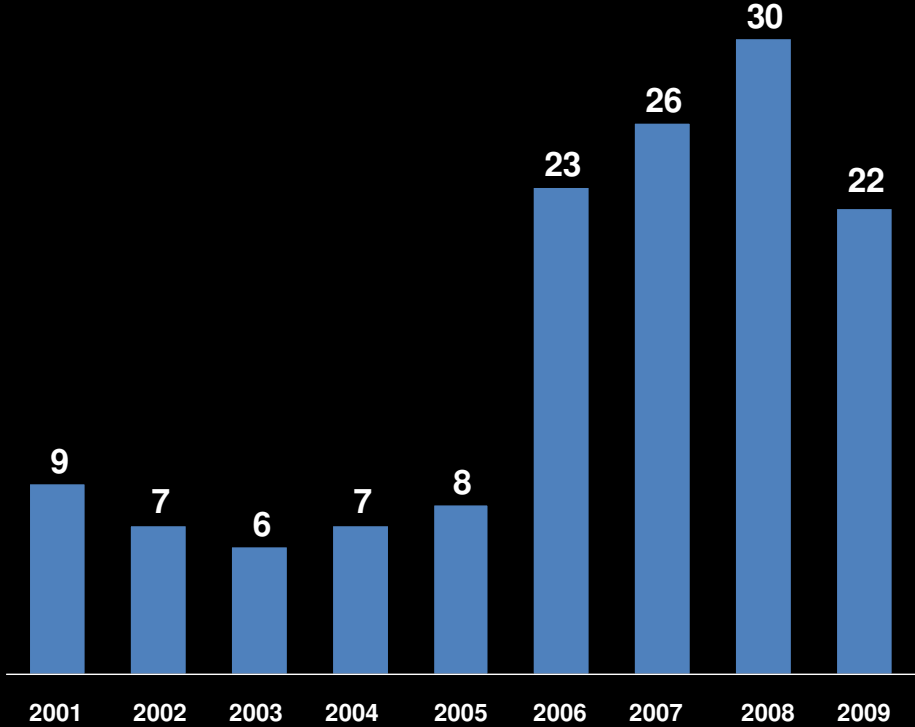
Percent of identified SGB funds investing in key regions



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

# New SGB funds by year

Number of new SGB investment funds by vintage year



Note: N= 138 funds, does not include 54 funds with unknown vintage year  
Source: Dalberg and ANDE analysis

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# Total fund size

## SGB investment funds versus Emerging Market Private Equity and Microfinance Sectors (2008)

Investment size targets



Note: SGB target fund size does not include 36 identified funds for which target fund size is unknown; SGB target fund size includes funds willing to invest \$2M and funds with minimum investment size not available

Source: \*Emerging Markets Private Equity Association (EMPEA); \*\*Dalberg analysis; \*\*\*Mixmarket 2008

## What is ANDE's Role in the Sector?

## What is ANDE?

**Aspen:** a non-partisan organization whose mission is to bring together people who *should* be collaborating on societal challenges but would not do so ordinarily.

**Network:** an interconnected group or system

**Development:** improving the economic, social and environmental welfare

**Entrepreneurs:** individuals whose passion leads them to organize available resources in new and more valuable ways



# THE ANDE VISION

**Vision**

**Significantly increased prosperity for the people of the developing world as measured by increased incomes, higher quality of life and social and environmental advances**

**Long-term Outcome (15 yr)**

**A thriving local SGB Community that addresses the finance, human capital, market access, and enabling challenges faced by SGBs**

**Mid-term Outcome (10 yr)**

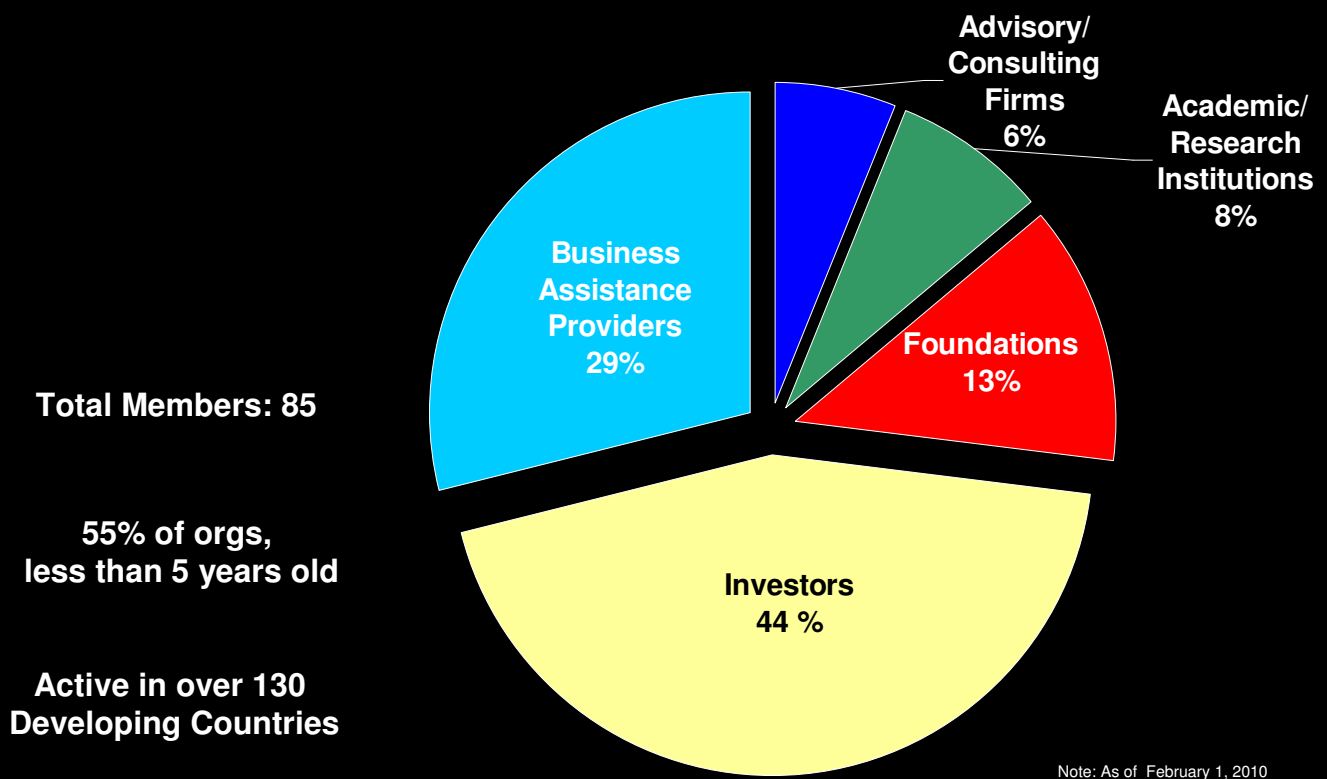
**Successful SGBs that demonstrate an attractive market and stimulate the growth of local finance and service providers**

**Successful local entrepreneurs to serve as angel investors and demand an improved business environment**

**Near-term Outcome (5yr)**

**A well functioning, growing and global SGB Sector that is creating and building successful SGBs at increasing rates in developing countries**

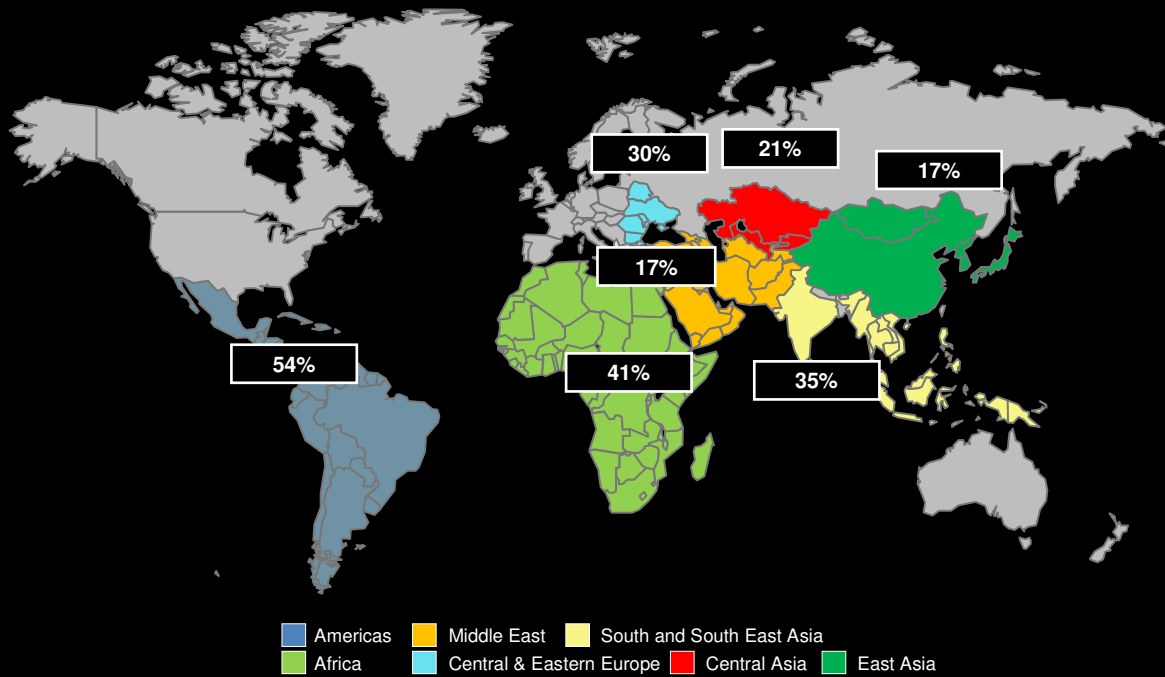
# ANDE Membership: Diverse, Growing, Young, Global





# ANDE Member Regional Focus

Percent of ANDE funds and capacity builders supporting SGBs by region



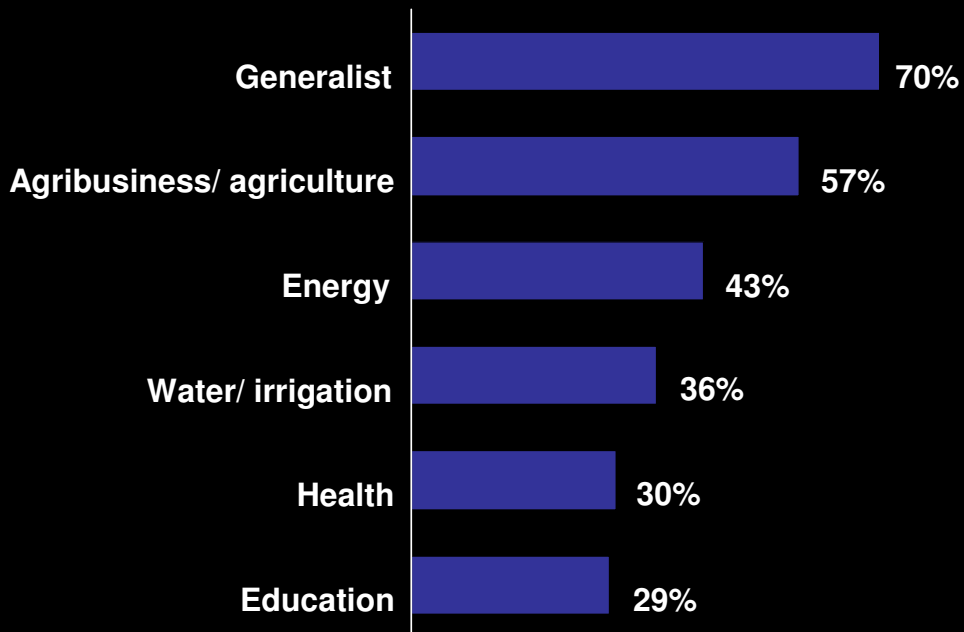
Note: Funds investing in multiple regions are counted once for each region; N=71  
 Source: ANDE member data; Dalberg analysis

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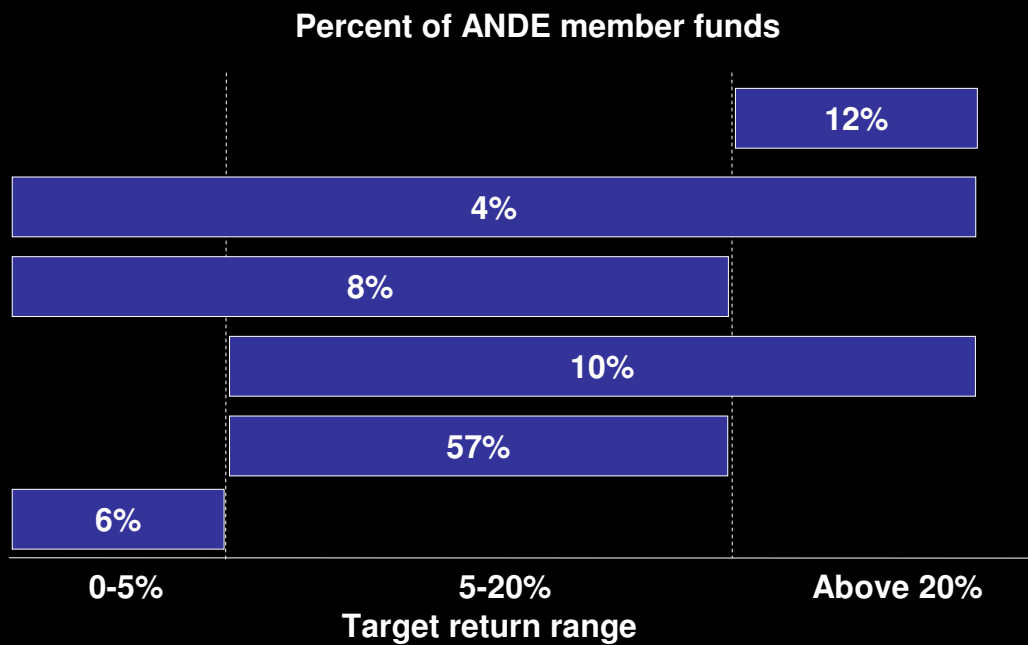
# ANDE Members Sector Focus

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

## ANDE Investment Funds: Target Return Rates



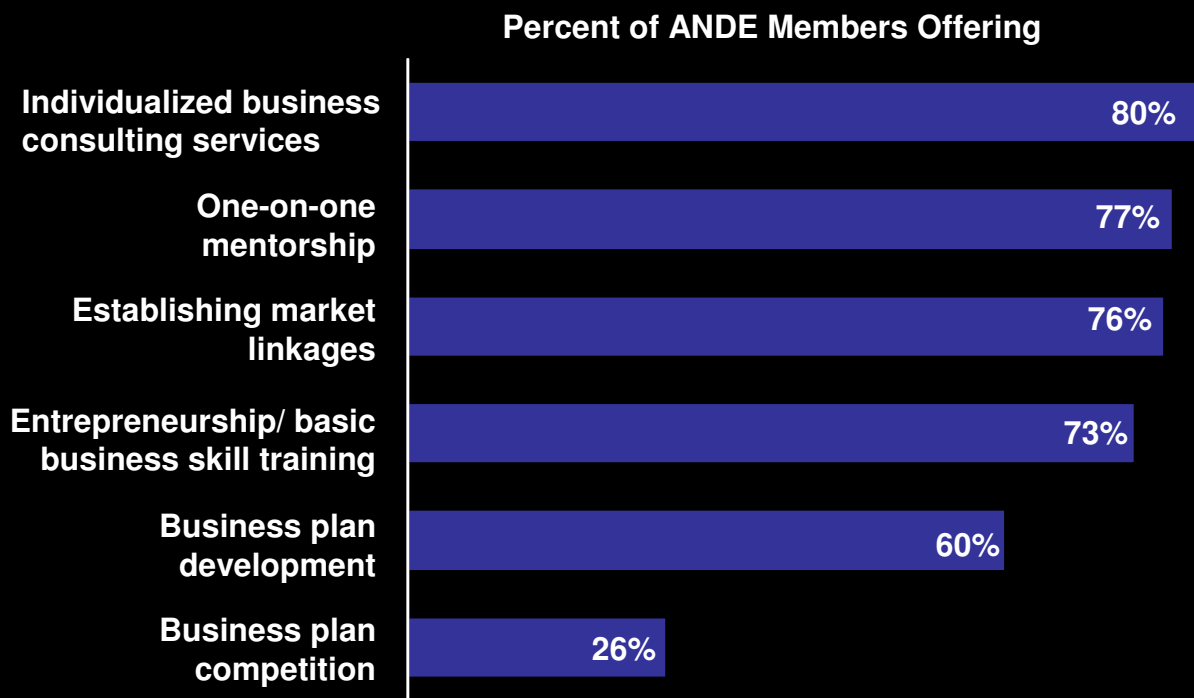
**88% of ANDE members have social/environmental goals, in addition to financial targets**

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

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# ANDE Member Capacity Building Offerings



Note: Respondents could select more than one answer. Only members offering some sort of capacity development are included. N= 70 funds and capacity builders. Source: ANDE member data

## ANDE IMPACT: By the Numbers

### Capital Invested

- At least USD\$830 million; 2500 investments
- Cumulative Target Fund Size: \$1.7b

### Technical Assistance

- In 2008, at least \$97 million

### SGB Impact

- Employ more than 300,000 people
- Served 74 million customers

## What ANDE Will Do: 2010 Activities

### Knowledge Creation/ Sharing

- Commission research into the value/impact of TA/BDS
- Website of Knowledge Resource Websites
- Mapping of Capital Needs/Sources (CA Working Group)
- 2010 Annual Conference (4Q 2010)

### Training

- Investment Officer Training (Africa: 1Q 2010)
- Orientation Training (2Q 2010, perhaps multiple)
- Develop Communications Training (tent 4Q 2010)

### Metrics and Evaluation

- Hire new metrics/evaluation manager (1Q 2010)
- Promote Global Adoption of IRIS (4Q 2009→)
- Metrics Conference (2Q 2010)

### Capacity Development Fund

- Second RFP: Select Recipients (1Q 2010)
- Replenish CDF Funds (2Q 2010)

### Education/Advocacy

- Develop targeted communications strategy (4Q 2009)
- Meet with new US admin appointees (USAID, OPIC etc)
- Develop advocacy strategy for European DFIs (2Q2010)
- Host convenings for USAID (12-11)/ G20 (TBD)

In sum:

*Only by letting millions of entrepreneurs try new ideas, to innovate, to create businesses that put those ideas to work in a competitive and open way, only by doing those things are we going to be able to tackle the world's big problems.*

- Angel Cabrera, Chair, World Economic Forum  
Council on Entrepreneurship





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**Thank You!**