Introduction .................................................. 07
State of the Sector.................................13
Three Areas for Action ....................18
ANDE in 2012........................................25
Appendices ...............................................31
Endnotes..................................................37
Dear ANDE Friends and Colleagues,

I am pleased to present the fourth annual Aspen Network of Development Entrepreneurs (ANDE) Impact Report. ANDE members are united in the belief that supporting small and growing businesses in emerging markets can create lasting, positive change. By the end of 2012, more than 170 ANDE members had collectively supported tens of thousands of small business entrepreneurs in more than 150 countries. ANDE exists to strengthen this work and to promote entrepreneurship as a mechanism for prosperity creation in developing countries.

In 2012, ANDE redoubled our commitment to supporting our members in emerging markets. We know that we cannot build a movement from our headquarters in Washington, DC; it is the innovative work that ANDE members do on the ground that will build momentum for small business entrepreneurship. Our regional chapters are at the core of ANDE’s mission. Over the past year, we hired four regional chapter coordinators based in Brazil, Central America/Mexico, East Africa, and South Africa to facilitate stronger collaborations on the ground in those regions. Our members launched the West Africa chapter, and the India chapter continued to strengthen.

2012 also was a year of expanded emphasis on research. ANDE believes strongly in building a robust evidence base to demonstrate the impact of small and growing businesses, and in finding the most effective ways to support them. Our research in 2012 spanned a range of topics, including funding impact evaluations, mapping the landscape of accelerator programs, and collecting IRIS-aligned social and environmental performance indicators. We invested in expanding the breadth and depth of data on the sector to generate new insights. We are excited to share initial findings in this report.

Throughout this report we have highlighted examples of the work that our members have done in the past year. These stories of collaboration represent a small fraction of the exciting initiatives that ANDE members undertook in 2012. We are pleased to have seen the growth in our sector, with an ever increasing number of actors joining the movement to support small and growing businesses. We are confident that this trend will continue as ANDE enters its fifth year.

Sincerely,

Randall Kempner
Executive Director
Aspen Network of Development Entrepreneurs (ANDE)
INTRODUCTION
The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations that propel entrepreneurship in emerging markets. Our members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits. Ultimately, we believe that SGBs can help lift developing countries out of poverty.

Small and growing businesses have the potential to make large-scale, sustainable change in their communities, but they face significant challenges. SGBs often contend with a lack of three key elements—human capital, financial capital, and market access—that constrain their growth. ANDE was founded on the premise that organizations must collaborate to help SGBs reach their full potential and grow the entire ecosystem of support for entrepreneurs.

**Snapshot of the Sector 2012**

**SGB SECTOR**

- 25 SGB funds launched in 2012; average target fund size was $51 million.
- 30 SGB funds reached a first close, having raised $413 million total in committed capital.

**ANDE MEMBERS**

- 171 members operated in more than 150 countries.
- 32 member-managed funds invested $229 million.
- 40 members provided $95 million in capacity development services to over 13,000 SGBs.
- 14 foundation members disbursed $129 million to the SGB ecosystem.

“ANDE gives us a network of counterparts who are facing... similar challenges in both running their organizations as well as investing in and supporting SGBs in emerging markets. Our meetings and working groups give us an opportunity to brainstorm and problem solve on multiple levels at the same time that we can keep abreast of developments in the industry.”

— Mildred Callear, Small Enterprise Assistance Funds (SEAF)

Small and Growing Businesses

ANDE defines small and growing businesses as commercially viable businesses with five to 250 employees that have significant potential, and ambition, for growth. Typically, SGBs seek growth capital from $20,000 to $2 million. SGBs differ from the more traditional characterization of small and medium enterprises (SMEs) in two fundamental ways. First, SGBs are different from livelihood-sustaining small businesses, 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.

Growth of a Movement

The ANDE concept is catching on. ANDE launched in 2009 with 34 members. At the end of 2012, ANDE had more than 170 active members working in every emerging market in the world and supporting tens of thousands of small business entrepreneurs. ANDE members include investment funds, capacity development providers, research and academic institutions, philanthropic foundations, development finance institutions, and corporations.

This diverse group of ANDE members provides a range of support services to help small businesses grow and prosper. To date, ANDE members have worked with more than 60,000 SGBs. Since 2009, 40 members have directly invested approximately $1.7 billion and 41 capacity development providers have leveraged $400 million to provide services to SGBs. In 2012 alone, ANDE’s 14 foundation members disbursed $27 million in program-related investments (PRIs) into investment funds and $102 million in grants to the broader SGB ecosystem.

This 2012 Impact Report surveys the landscape of support that has become available to small and growing businesses in recent years. As recognition has grown that SGBs are a key to prosperity in emerging markets, so has the amount of financial capital and nonfinancial support available to them. ANDE members play a key role in this ecosystem and the following pages highlight their work.
The Power of Small and Growing Businesses

Typically, SGBs seek growth capital from $20,000 to 2 million, which positions them as too large for microfinance loans and too small for traditional private equity.

Investing In SGBs

Drives Growth
They create jobs, and have a multiplier effect on the local economy.

Drives Sustainability & Innovation
They strengthen supply chains, reaching the last mile in remote communities, spreading environmental and agricultural best practices.

Promotes Equity
They create inclusive economies, and provide goods and services that benefit all sectors of society.

Everybody Benefits
Investments in SGBs can realize financial returns and substantial “ripple effects” to a variety of stakeholders:

Employees
Through wage increases, non-salary benefits and labor mobility through training

Customers
Through improved quality and/or lower price of goods and services

Suppliers
Through increased demand for and sales of goods

Government
Through value-added tax revenues

Broader community
Through environmental gains, development of social infrastructure, etc.
Why Small and Growing Businesses?

While there are many worthy approaches to economic development, ANDE members support small and growing businesses because we believe SGBs represent the most effective way to create the kinds of jobs that can lift families, and ultimately entire nations, out of poverty. SGBs also provide critical goods and services to the poor, drive innovation, and strengthen international supply chains. In essence, SGBs are an engine for prosperity in the developing world.

Growing Jobs for the Poor

In the developing world, the majority of people do not have a formal job with a steady paycheck. For example, “non-wage work,” or income generated through self-employment or farming, is how 80 percent of women in sub-Saharan Africa earn their living. However, research shows that formal jobs allow people to earn more income for themselves and their families.

The relationship between economic growth and poverty reduction is complex. Not all economic growth creates jobs, and not all employment moves people out of poverty. The phenomenon of “jobless growth” has been characteristic of many countries in Africa, South Asia, and Latin America. Additionally, the International Labour Organisation (ILO) estimates that around 40 percent of workers who do have a job are still poor, with low-paid, insecure jobs that offer little upward mobility.

Because of this complexity, the creation of stable, quality jobs for the poor remains a huge challenge for policy-makers and practitioners. The ILO estimates current unemployment at about 200 million worldwide, and it projects the need for 600 million new jobs over the next decade. Small and growing businesses represent one of the most promising ways to create these jobs. Companies with 10 to 50 workers typically offer a wage premium of 10 percent to 30 percent more than microenterprises. As the number of employees increases, so do wages. Companies with more than 50 workers typically offer a wage premium of 20 percent to 50 percent more than microenterprises.

In developing countries, most people with formal jobs work at a small or medium enterprise. Those jobs represent 66 percent of full-time, permanent employment on average. This is not surprising, as there are fewer opportunities to work at large firms in low- and middle-income economies as there are in high-income economies. For example, the United States houses 104 large firms per million people compared with 27 large firms per million people in Brazil. This gap represents a potential avenue for new employment generation: a small business that becomes large creates 200 jobs on average. ANDE believes that those small firms with the potential to grow are critical to long-term job creation in developing economies.

Barriers to Growth

While SGBs represent an effective avenue to job creation, they are constrained in many emerging markets. In many of these countries, firms start small and stay small compared with businesses in developed countries such as the United States. The World Bank’s Enterprise Survey asks firms what they see as their biggest obstacle; the most common responses include access to finance and reliable electricity (Table 1). ANDE asked our members what they see as the biggest challenge that SGBs face, and the two biggest challenges identified were access to finance and access to human capital. But there was considerable variation across countries; these differences highlight the importance that context has for SGB success (Table 2).

Table 1. World Bank Enterprise Survey—Biggest Obstacle (Low and Lower-Middle Income Countries Only)

<table>
<thead>
<tr>
<th>Biggest Obstacle</th>
<th>% of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to finance</td>
<td>17</td>
</tr>
<tr>
<td>Electricity</td>
<td>14</td>
</tr>
<tr>
<td>Practices of the informal sector</td>
<td>11</td>
</tr>
<tr>
<td>Tax rates</td>
<td>11</td>
</tr>
<tr>
<td>Political instability</td>
<td>8</td>
</tr>
<tr>
<td>Inadequately educated workforce</td>
<td>8</td>
</tr>
<tr>
<td>Corruption</td>
<td>7</td>
</tr>
<tr>
<td>Crime, theft, and disorder</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 2. ANDE Members’ Most Frequent Responses by Country: Biggest Challenge that SGBs Face

<table>
<thead>
<tr>
<th>Country</th>
<th>Biggest Challenge to SGB Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>Human capital</td>
</tr>
<tr>
<td>Colombia</td>
<td>Access to finance</td>
</tr>
<tr>
<td>India</td>
<td>Enabling environment</td>
</tr>
<tr>
<td>Kenya</td>
<td>Access to finance</td>
</tr>
<tr>
<td>Mexico</td>
<td>Market access</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Infrastructure</td>
</tr>
<tr>
<td>South Africa</td>
<td>Human capital/Access to finance</td>
</tr>
</tbody>
</table>
How does ANDE members’ work stack up against this belief that
SGBs will drive job creation? The businesses they support average
64 full-time employees (N=596). But the median number of
employees is 19, indicating a majority of companies on the smaller
side. The largest employers are in the health and information and
communication technology (ICT) sectors.

277 companies reported the number of people they employed across
multiple years; the average compound annual growth rate of full-
time jobs was 58 percent. The median, however, was 9 percent,
again suggesting that the majority of firms have a slower growth
rate with a few strong outliers growing more quickly. Notably, ICT
companies grew jobs much more quickly than other sectors at a rate
of 179 percent (N=51).

How do we know whether these jobs represent the “good” kind? On
average, these SGBs provide 72 permanent jobs (including both full-
time and part-time jobs) with average salaries of $11,500 per year
(N=71). Putting that wage rate in context shows these small and
growing businesses pay on a scale far above their countries’ minimum
wage rate (median 478 percent higher), and in many cases above the
average wage rate (median 78 percent higher). We cannot
extrapolate from these benchmarks that every small
business has the potential to create high-quality jobs at strong
growth rates. These are all companies that receive support,
financial or capacity-building, from ANDE members. But the data
do indicate the high potential for impact on job creation of these
small and growing businesses.

IRIS and the Global Impact
Investment Rating System (GIIRS)

IRIS is a catalog of generally accepted performance metrics
that leading impact investors use to measure social,
environmental, and financial success; evaluate deals; and
grow the sector’s credibility. Developed to increase the
transparency and credibility of the impact investing industry,
IRIS provides a common language for communicating
results. The IRIS initiative also collects IRIS-aligned
performance data from organizations around the world to
support industry-wide benchmarking and analysis.

ANDE became an early IRIS partner in 2010. Through this
partnership, ANDE supports its members to align with IRIS,
and established a core set of IRIS metrics we recommend
members adopt. ANDE also facilitates data contribution
from its members to the IRIS data repository.

In addition, some ANDE members contributed data
trough GIIRS. GIIRS Ratings & Analytics provides
comprehensive, transparent, and comparable data on
the social and environmental performance of companies
and funds. Building on the IRIS taxonomy, GIIRS provides
a judgment on a company’s or fund’s performance and
a platform for conducting detailed benchmarking and
analysis. By providing a technology platform, verification
process, and a core set of comparable metrics, GIIRS aims
to lower the barriers to entry for new investors interested
in investing with impact and trigger a race to the top in
terms of impact performance.

All of the IRIS Data sections rely on the data submitted
by the members listed here; together the members have
reported performance data on over 1,000 companies
headquartered in 77 countries.

ANDE Member IRIS Contributors
and GIIRS-Rated Funds

Accion International
Acumen Fund
Agora Partnerships
Bamboo Finance
Business Partners International
Calvert Foundation
EcoEnterprises Partners
Endeavor
Grassroots Business Fund
Gray Ghost Ventures
Halloran Philanthropies
IADB–Multilateral Investment Fund
IGNIA Partners LLC
Inveneo
NESsT
New Ventures
Oxfam–EDP
Rockefeller Foundation
Root Capital
Small Enterprise Assistance Funds (SEAF)
Unitus Impact
Village Capital
Vox Capital
STATE OF THE SECTOR
Small and growing businesses in emerging markets face challenges that their counterparts in developed economies do not have to overcome. ANDE members focus much of their resources on helping SGBs alleviate these barriers to growth through building capacity and providing access to finance.

**Capacity Development**

Most entrepreneurs require non-financial support before, during, and after acquiring capital. This support can take many forms and is referred to as SGB capacity development. The key skills required to develop and grow a business often must be taught or transferred. Capacity development is critical to small business growth, and ANDE members provide a wide range of support services.

Since 2009, ANDE members have invested $400 million in direct capacity development support. Generally, they provide high-touch services to SGBs. The median capacity development service provider works with an annual portfolio of 30 businesses, and spends $11,000 per SGB (N=38). One-on-one mentorship and direct consulting services are the most common delivery methods for services (N=66).

**Accelerators and Incubators**

Incubation and acceleration programs are examples of such high-touch engagement with SGBs. These are programs that help entrepreneurs to grow their companies through training, mentorship, networking opportunities, and consulting. In 2012, ANDE embarked on a new initiative to better understand the effectiveness and scalability of these programs.

With the support of Halloran Philanthropies, ANDE and Village Capital surveyed 52 existing accelerator programs to chart the landscape of those focused on social businesses in emerging markets. Of these, 38 percent operate as for-profit organizations, 44 percent operate as nonprofit organizations, and the rest do both. Of the programs surveyed, 65 percent offer services free-of-charge to entrepreneurs; those programs that charge for services have an average fee of about $1,300 (excluding three outliers that charge significantly more).

The average social business accelerator program works with each cohort over the course of six months, and most meet with the entrepreneurs at least twice a week. Accelerators work with entrepreneurs at various stages of their development, but the majority focus on seed or start-up stage.

We asked the participating accelerators to report on the success rates for all companies that had gone through their programs, defining success as a company operating at a profit or having raised investment of at least $500,000. The 41 respondents that track past cohorts’ progress classified 31 percent of participating companies as successful, 46 percent as not yet profitable but still operating, 10 percent as having failed, and 13 percent as status unknown.

What makes for a highly successful accelerator program? We looked at the qualities that correlate with higher success rates, and found that the selectivity of the program is a good indication of its cohorts’ later survival and success, as are linkages to domestic commercial investors and to corporate value chains. The several months spent recruiting entrepreneurs, developing a pipeline of high-quality applicants, and growing a network of potential partners is at the crux of our work.

---

*The small size of these firms implies that managers (or owners) of SMEs often need to perform a wider range of tasks than do those in larger firms, since there is less room for specialization. This requires diverse skills that SME managers may not have, particularly in developing countries where the quality of management education tends to be lower than that found in developed countries.*

—*Scaling-Up SME Access to Financial Services in the Developing World, The International Finance Corporation*

---

<table>
<thead>
<tr>
<th>Areas of Focus</th>
<th>% of Members That Provide Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building organizational capacity</td>
<td>90%</td>
</tr>
<tr>
<td>Creating market linkages</td>
<td>83%</td>
</tr>
<tr>
<td>Supporting investment readiness</td>
<td>64%</td>
</tr>
<tr>
<td>Other indirect and ecosystem services</td>
<td>61%</td>
</tr>
<tr>
<td>N=70</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Types of Delivery Methods</th>
<th>% of Members That Use Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-on-one mentorship</td>
<td>74%</td>
</tr>
<tr>
<td>Direct consulting services</td>
<td>71%</td>
</tr>
<tr>
<td>Classroom/seminar training</td>
<td>64%</td>
</tr>
<tr>
<td>Peer-to-peer/group support</td>
<td>62%</td>
</tr>
<tr>
<td>Business plan competitions</td>
<td>27%</td>
</tr>
<tr>
<td>N=66</td>
<td></td>
</tr>
</tbody>
</table>
of the value accelerator programs can add. ANDE believes that better understanding the accelerator model is important to the development of this sector and, in partnership with many of our members, will continue to delve further into this area in 2013.

Focus on Human Capital
ANDE members recognize that filling the talent gap is key to fostering the growth of small businesses. SGB capacity development focuses not only on developing the entrepreneur, but also on developing skilled managers, who can be challenging to find in many developing countries. Access to education is difficult for most, and top talent often chooses to emigrate for positions internationally or to work for large multinationals in their home countries. Below are three examples of members using different approaches to alleviate this problem.

» The African Management Services Company (AMSCO) places mid-level and senior managers in African companies for three year contracts. These managers, often expatriates, provide expertise and experience as the company grows. They also train their successors, so that when their contract is complete the company retains the knowledge and continues to grow.

» edge places young professionals from emerging markets in businesses in other emerging markets that serve the Base of the Pyramid (BoP) for six- to 12-month engagements. These young people gain experience with the companies while providing valuable support to businesses that otherwise might be unable to afford additional staff. These professionals return to their home countries and bring with them skills that stay in their local BoP markets.

» The Global Business School Network (GBSN) believes that the talent gap needs to be filled by strengthening emerging market business education. GBSN facilitates connections between leading business schools and developing world educators. The network builds the capacity of business schools to train high-quality managers who can meet the demand for talent in their own markets.

Financing Small and Growing Businesses
The challenges that entrepreneurs face in the developing world both magnify their need for capital and also create more hurdles to accessing it. Compared with their larger counterparts, small businesses are more likely to list “access to finance” as a significant barrier to growth.20 A growing recognition that SGBs are key to economic growth has spurred an increase in finance available to this segment.

ANDE has identified 293 funds, including 73 managed by ANDE members, that invest in the small and growing business segment in emerging markets.21 63 percent of these are closed-end funds. The average fund set target fundraising at $52 million and reported committed capital of $28 million.

Of the 283 funds with complete deal size information, 38 percent are SGB-focused, making deals only within the $20,000 to $2 million range. The remaining 62 percent are SGB-inclusive, meaning their deal sizes are inclusive of that range but also may go above $2 million or below $20,000. The majority of these make deal sizes above $2 million, with an average maximum of $7 million.

The general trend over the past decade is one of growth both in the number of funds that have launched and in the size of these funds (Table 4). This expansion has not been steady; the number of funds that achieved a first close per year declined after 2008, but growth has begun showing positive signs of increase again. This pattern mirrors traditional emerging market private equity fundraising, where the median fund size, number of closed funds, and deals made have experienced fluctuation rather than steady growth since 2008, likely due to the global financial crisis (Figure 1).22 On average, closed-end funds raised 73 percent of their target AUM.23

Table 4: Number and Size of Funds 2003 - 2012

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Funds</td>
<td>75</td>
<td>145</td>
</tr>
<tr>
<td>Launched</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Target AUM</td>
<td>$45</td>
<td>$53</td>
</tr>
<tr>
<td>(millions)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTE ON THE METHODOLOGY

The data in this section are the result of a research partnership between ANDE and the Global Impact Investing Network (GIIN) led by the staff of ImpactBase, an online global directory of impact investment vehicles. In addition to capturing data from funds and products managed by ANDE members or currently profiled on ImpactBase, the team leveraged internal research assets, accessed public sources of information, conducted surveys of asset managers, and worked with a number of institutional investors, intermediaries and advisors to complete a global market scan of investment vehicles that invest in emerging market SGBs. Funds qualified for inclusion in this data set when they met three criteria: (1) investment target included emerging market countries, (2) target deal sizes ranged in the $20,000 to $2 million category, and (3) focus did not include microfinance institutions. See Appendix A for the list of organizations that helped inform this research. ANDE’s decision to adjust the research methodology in 2012 makes this year’s results not comparable with data presented in 2011.

Figure 1. Number of SGB Funds by Year of First Close

Investing for Environmental Impact

About 12 percent of all SGB funds list “environment” as a target sector and 20 percent list energy. Directing capital toward environmental impact requires a balance between growth and sustainability. Here are two examples of deals that integrate the two.

» The Low Carbon Enterprise Fund (LCEF) was established to provide finance and technical support for “low carbon” social entrepreneurs in the developing world. The businesses they invest in provide access to clean energy products and services within some of the world’s most disenfranchised communities, and they also deliver broader health and social benefits on the ground. Around 40 percent of rural Peru is not yet connected to the grid but much of the country’s renewable energy resources remain untapped. To address this issue, the LCEF invested in WindAid Peru, a small business that manufactures and installs wind turbines in disadvantaged, off-grid communities. WindAid’s new 500W turbine is designed to be affordable for poor households and can generate enough electricity to meet the basic needs of rural families. The LCEF’s September 2012 investment of $100,000—in the form of a loan note with revenue share agreement—will help WindAid scale up its production and hire a much needed marketing manager. LCEF also has consultants working closely with this venture to provide ongoing management and mentoring support on a pro-bono basis.

» The EcoEnterprises Fund provides risk capital to SGBs in Latin America and the Caribbean that complement conservation and work closely with remote communities. Its first fund invested $6.3 million in 23 sustainable companies. One of these companies was Sambazon, a small business that buys sustainably harvested acai from local communities near Macapa, the north arm of the Brazilian Amazon delta. By paying locals to harvest the acai, Sambazon created an economic incentive to protect the standing forest, instead of killing the trees to harvest the wood or clear the land to cultivate heart of palm. EcoEnterprises provided an initial $200,000 in the form of a revolving credit facility, ultimately investing a series of loans for a total of $900,000 to support Sambazon’s growth. Simultaneously, EcoEnterprises provided capacity development services that included helping Sambazon launch a monitoring and evaluation system. EcoEnterprises launched its second fund in November 2011 and was pleased to continue this relationship by making a $2 million equity investment to Sambazon in 2012. Today, Sambazon has converted its facilities’ wood burning boilers to burn Acai seeds and has partnered with a local brick factory to use these seeds as an alternative to wood, saving more than 200,000 cubic feet of wood per year. In addition, Sambazon has created employment opportunities and increased the socio-economic status of more than 10,000 family farmers.
Nearly 40 percent of funds in the dataset target sub-Saharan Africa, which mirrors the high percentage of ANDE members that work in Africa (Table 5). Most funds target multiple sectors, or have multiple impact goals. The top three sectors that funds target are ICT, agriculture, and health (Table 6). Across all regions and sectors, exits continue to be scarce (Table 5).

Honing in on the 37 ANDE member funds that reported capital deployed, we see a steady increase in SGB investment each year in terms of both the total amount and average amount invested per fund (Figure 2).

About 10 percent of all funds, and 18 percent of ANDE member funds, report a separate technical assistance (TA) facility that operates alongside the fund to provide capacity development services to investees. These TA facilities average $3.6 million in total funding, and the funds that operate them have lower overall average return expectations: 8 percent compared with the 17 percent reported by those without a TA facility (N=12; 87).

The growth in SGB-focused funds represents a significant expansion of the sector. However, SGB funds are still a very small piece of emerging market investment (Figure 3).

Table 5. Fund Descriptive Data by Target Region

<table>
<thead>
<tr>
<th>Region</th>
<th>% of Funds Target Focus</th>
<th>Average Target IRR</th>
<th>Average Deal Size</th>
<th>Average Deals to Date*</th>
<th>Average Exits to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>37</td>
<td>17%</td>
<td>$1,900,000</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td>Asia</td>
<td>16</td>
<td>16%</td>
<td>$2,000,000</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>3</td>
<td>20%</td>
<td>$900,000</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Global/Multi-Region</td>
<td>20</td>
<td>11%</td>
<td>$1,500,000</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Latin America</td>
<td>15</td>
<td>17%</td>
<td>$2,400,000</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>MENA</td>
<td>9</td>
<td>20%</td>
<td>$900,000</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

N=293 N=96 N=124 N=41 N=41

*Includes only closed-end funds that reported both deals and exits

Table 6. Fund focus by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>% of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT</td>
<td>31%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>26%</td>
</tr>
<tr>
<td>Health</td>
<td>23%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>20%</td>
</tr>
<tr>
<td>Energy</td>
<td>20%</td>
</tr>
<tr>
<td>Education</td>
<td>18%</td>
</tr>
<tr>
<td>Environment</td>
<td>12%</td>
</tr>
</tbody>
</table>

N=220

Figure 2. Capital Deployed—ANDE Member-Managed Funds (N=37)
The Elusive Exit

In emerging markets, exiting investments is particularly challenging. There is inadequate financial architecture to provide for an initial public offering (IPO), a lack of liquidity within the market, and it is difficult for entrepreneurs or interested third parties to come up with the capital to buy back the necessary shares. ANDE members are experimenting with innovative models designed to overcome these barriers to investment.

Business Partners International overcomes these challenges by using a financing model that structures and prices investments as self-liquidating instruments. It has pioneered the use of royalties, a percentage of sales, in emerging market risk capital investments. Individual solutions are structured to simultaneously ensure that the venture can generate sufficient cash flow to afford repayments and that Business Partners is compensated for the risk associated with the unsecured portion of the investment. Using this method, Business Partners participated in 47 exits in 2011 and 57 in 2012, achieving an accumulative capital profit of US $811,764 and US $5,489,209 respectively. The average internal rates of return (IRRs) achieved were 19 percent, with a top IRR of 53 percent. Of all exits, 65 percent were achieved through sale back to the entrepreneurs/management team, with 35 percent sold to third parties.

In 2002, Business Partners approved an investment in a South African engineering company that was created through the commercialization of a research group. Business Partners acquired a 25 percent stake in the company, in part to finance a management buy-out. In 2012, the entrepreneur received an offer from a third party for the outright purchase of all interest in the business, which resulted in Business Partners selling its 25 percent share and achieving an IRR of 40 percent. Over time, this company has become South Africa’s leading supplier of Thermal Spray Coating and Plasma Transferred Arc services.

Bank Lending to SGBs

SGBs in emerging markets have a great unmet need for working capital and business expansion loans. But most banks do not see SGBs as an attractive client base.

Around 60 percent of micro, small, and medium enterprises (MSMEs) in emerging markets are either unserved or underserved by banks. Formally registered SMEs represent a credit gap of $700 to $850 billion, with the total MSME credit gap around $2 trillion. However, recent research shows a huge potential upside for banks that can learn to serve this population. McKinsey and the International Finance Corporation (IFC) surveyed leading emerging market banks and found an average Return on Equity of 25 percent for their small business lending portfolios.

Similarly, high-performing financial institutions surveyed by the Small Business Banking Network reported higher Return on Assets when they had a higher proportion of SME lending in their portfolio. McKinsey calculates that lending to small businesses could represent a significant profit source for banks: “capturing 10 percent market share in the MSME segment (approximately 200,000 clients) could translate into USD 170 million per year in pre-tax profit.”

Expanding Role of MFIs

Microfinance Institutions (MFIs) also have shown growing interest in lending to small businesses. Typical microfinance loans are designed for individuals or microenterprises with fewer than five employees. But increasingly, MFIs have begun creating products tailored to the next size up: microenterprises that have grown, formalized, and have larger capital requirements. A recent study surveyed 300 MFIs globally and found that 70 percent expected to increase their small business portfolio as a potential business growth opportunity. The Microfinance Information Exchange reports an increase in MFI lending to small businesses, from 8 percent of institutions in 2010 to 14 percent in 2011, a gross loan portfolio of nearly $6 billion in 2011.

Figure 3. SGB Investing Is a Small Sliver of the Pie*
Unlocking Bank Capital for SGBs

In 2012, with support from the Citi Foundation, ANDE partnered with SBI in India and the Small Business Banking Network in South Africa to host two roundtables focused on unlocking bank capital for SGBs. The banking roundtables convened leaders from the banking sector and the SGB sector to discuss the barriers to small business financing and potential solutions.

While the markets are quite different, both groups concluded that a major challenge was helping entrepreneurs discover what products are available and how to access them. Many entrepreneurs do not understand the process for receiving bank credit. They might not have financial management systems that meet banks’ criteria, and many need capacity development services to meet requirements. Banks also recognized that costs are high and the process time too long for them to engage with SGBs. Educating entrepreneurs is a necessary first step, but work also needs to be done to help banks understand how to better serve SGBs. Both groups also recognized that cutting down on transaction costs and increasing efficiency were important. Finally, roundtable participants saw that including other actors—public banks and development finance institutions, for example—would help spur support for access to finance.

ANDE members are helping overcome some of these barriers through innovative tools and methodologies. The Entrepreneurial Finance Lab (EFL) has developed effective, automated, and scalable tools to identify high-potential, credit-worthy entrepreneurs. Based on psychometric principles, the EFL tools have been statistically proven to reduce default rates and expand lending when controlling risk. To date, these tools have been utilized by financial institutions in more than 20 countries. SCOPEInsight profiles producer organizations in developing countries on their creditworthiness and performance, bridging the information gap by providing these profiles to banks interested in giving credit. The ratings methodology moves beyond traditional measures of creditworthiness to assess the core business strengths and management capacity of farmer organizations.
THREE AREAS FOR ACTION
In 2012, ANDE explored three types of SGBs that face significant challenges yet offer a high level of potential impact: start-up stage enterprises, women entrepreneurs, and agribusinesses. Each require tailored support to grow and meet that potential.

**Start-up Stage Financing**

Even within the “missing middle,” there is an imbalance in support and funding options for those SGBs at the lower end of the divide. Seed and start-up stage enterprises (which are referred to as “start-ups” in this report)—usually looking for $20,000 to $100,000 of flexible capital—struggle to find funds that will invest the smaller amounts necessary. Enterprises at this stage have not yet proven their business model and are pre-revenue or cash-flow negative, presenting a higher risk for potential investors. This is especially true for social businesses, where innovative business models and low-income clients result in a slower pace of growth.31

At the same time, many fund managers making deals at the next level up, in early-stage or growth-stage SGBs, find a small pool of investible enterprises and a crowded group of funds seeking to place capital. The GIIN and JP Morgan’s annual survey of impact investors asks respondents to identify “the most critical challenges to growth of the impact investing industry today” to which the second-most common response was a “shortage of high quality investment opportunities.” 32

This mismatch is what Monitor Inclusive Markets calls the “Pioneer Gap.” Monitor points to a structural problem as its cause: Because many impact investing funds use “traditional structures with traditional return expectations” where financial returns must drive investment decision-making, start-ups represent too much risk for these funds.33

One key to filling this Pioneer Gap and creating a robust pipeline of enterprises ready to scale is a combination of flexible capital, often in the form of philanthropic grants or debt instruments. This capital with lower return expectations can help move enterprises toward the next stage of investment (Figure 5).34

ANDE members recognize that supporting early-stage businesses is key to the development of future pipeline and to the creation of a healthy SGB ecosystem. In addition to philanthropic capital, ANDE members are developing innovative models to reach start-up enterprises. Where traditionally the transaction costs of these small deal sizes and risk of investing in start-up stage companies is too high, members are overcoming these obstacles through innovation and collaboration.

**Figure 4. Target Investment Business Stage—Fund Sizes and Numbers.**

<table>
<thead>
<tr>
<th>Business Stage</th>
<th>Number of Funds</th>
<th>Average Target AUM</th>
<th>Average Deal Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Stage</td>
<td>102</td>
<td>$49.1 M</td>
<td>$1,436,000</td>
</tr>
<tr>
<td>Early Stage</td>
<td>94</td>
<td>$40.5 M</td>
<td>$789,000</td>
</tr>
<tr>
<td>Start-Up Stage</td>
<td>10</td>
<td>$11.9 M</td>
<td>$106,000</td>
</tr>
</tbody>
</table>

Note: N=162; Fund managers could select more than one stage and 35% selected at least two.

**Figure 5. Continuum of Return Expectations**

<table>
<thead>
<tr>
<th>Traditional (Impact) Fund Structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>These funds raise capital from the market; their investors expect a return on investment, but are often willing to accept below-market rates</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Philanthropic Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>These funds are supported by grant capital and donations; this category includes non-profit funds, venture philanthropy, and “evergreen funds” that reinvest returns back into the fund itself rather than returning them to investors.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grant-making Foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundations that provide enterprises with grant capital, without any expectation of return or principle</td>
</tr>
</tbody>
</table>

*Data from SGB Fund scan.*

<table>
<thead>
<tr>
<th>Business Life Cycle and Financing Stages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Seed:</strong> Idea stage, pre-cash flow</td>
</tr>
<tr>
<td><strong>Start-up:</strong> Product development begins and initial operations established</td>
</tr>
<tr>
<td><strong>Early:</strong> Generating revenue, but usually pre-profit</td>
</tr>
<tr>
<td><strong>Expansion/Growth:</strong> Generating a sustainable profit and ready to scale through investment in new facilities, entry into new markets, etc.</td>
</tr>
</tbody>
</table>
BUILDING A PIPELINE: Vox Labs in Brazil

Vox Capital and Artemisia Social Business developed the Vox Labs partnership to begin to address the pipeline challenge in Brazil. Artemisia Social Business, an organization that catalyzes high-impact social enterprises through education initiatives, knowledge dissemination, and social enterprise acceleration, identifies entrepreneurs with the potential to make significant social impacts at the Base of the Pyramid but who are not yet ready for equity investment. These entrepreneurs participate in Artemisia’s six-month acceleration program to refine their business model and gain the skills necessary to successfully move from the pilot phase to full operations. Vox Capital, a Brazilian impact investment fund, commits to invest in at least one entrepreneur in each cohort, using a convertible debt structure. These debt investments of $100,000 or less provide entrepreneurs with the capital they need to begin operations, and they can be converted into equity after six to 12 months.

Since the program began in 2011, the Vox Labs partnership has led to three investments. Sautil, for example, is an online company that catalyzes high-impact social enterprises through education initiatives, knowledge dissemination, and social enterprise acceleration, identifies entrepreneurs with the potential to make significant social impacts at the Base of the Pyramid but who are not yet ready for equity investment. These entrepreneurs participate in Artemisia’s six-month acceleration program to refine their business model and gain the skills necessary to successfully move from the pilot phase to full operations. Vox Capital, a Brazilian impact investment fund, commits to invest in at least one entrepreneur in each cohort, using a convertible debt structure. These debt investments of $100,000 or less provide entrepreneurs with the capital they need to begin operations, and they can be converted into equity after six to 12 months.

Focus on Women Entrepreneurs

Women-owned businesses represent approximately 30 percent of all small and medium enterprises in emerging markets. While women entrepreneurs represent a significant portion of the overall potential for economic growth, their firms grow at much lower rates than those owned by their male counterparts. Women tend to have smaller and less diverse networks, including fewer options for mentors. They are more likely than their male counterparts to enter business out of necessity and also have much more difficulty accessing finance to support these businesses. Many women lack confidence or let a fear of failure inhibit their entrepreneurial ambitions. The realization that women entrepreneurs face considerable systemic barriers to scale, hindering their significant potential, has prompted research and action by several ANDE members.

Improving the performance of women-owned and women-led businesses has impacts on economic development, gender equality, and community development. “M4: The Most Missing of the Missing Middle,” a Capacity Development Fund grant and research initiative led by Value for Women, is examining underinvestment in women-owned small and growing businesses in Latin America. Initial findings helped provide recommendations for how the SGB ecosystem can better serve them. Financial literacy programs for women, gender sensitivity training for investment managers, and long-term capacity development approaches all could play critical roles in getting women entrepreneurs the access to capital they need.

As the movement to support women’s entrepreneurship grows beyond microfinance, ANDE members continue to be at the vanguard of capacity development efforts and directing capital toward women entrepreneurs.
**CASE STUDY:**
**WEConnect International, Fidenza Disegno, S.A., and Walmart**

The level of women’s participation in entrepreneurship in Latin America is among the highest worldwide. Over the past 10 years, 15 percent of Latin America’s economic growth can be attributed to women’s economic activity.35

In Peru, one of the fastest growing economies in the world, 19 out of every 100 people participate in early stage business activities. Women own and operate more than 40 percent of these enterprises. When surveyed, women in Peru identified the lack of quality training as the greatest barrier to business success.36

**WEConnect International** helps build sustainable communities by empowering women business owners through providing valuable resources, helping them formalize their businesses, and assisting their integration into the supply chains of large multinational corporations. In 2011, with the support of USAID, WEConnect launched the Pathways Access Initiative (PAI) to help U.S. corporations diversify their supply chains in Peru.

During WEConnect’s 18-month engagement in Peru, more than 400 women entrepreneurs participated in WEConnect trainings, particularly from high-growth and high-impact SGBs. One of these female entrepreneurs navigating the road to growth in Peru was Milagros Johanson, owner of the jewelry company Fidenza Disegno, S.A. With the assistance of WEConnect, Fidenza Disegno secured a contract to sell its products on Walmart.com. Walmart had recently launched its Global Women’s Economic Empowerment Initiative, under which it committed to source $20 billion from women-owned businesses and to launch a dedicated women-owned product marketplace on Walmart.com. WEConnect worked with Milagros to get her business certified as women-owned and facilitated a relationship between her and Full Circle Exchange. Full Circle Exchange acted as an intermediary so that Milagros did not have to incur all of the expenses associated with being audited as a Walmart supplier.

With support from WEConnect, Milagros created a relationship with the largest retailer in the U.S. WEConnect identified a successful entrepreneur in Milagros, one poised for expansion and ready to take advantage of new opportunities in the global marketplace. By the end of 2012, her business employed nearly 250 women in Peru. Milagros’s product line for Walmart, Isabella Lazarte Jewelry, is now a featured through Walmart’s “Empowering Women Together” section on Walmart.com.

“For Walmart, empowering women isn’t just the right thing to do, it’s also smart business—helping us to understand and serve our customers better, find the best talent, and promote economic growth in the communities we serve.”

—Walmart Global Responsibility Report

**IRIS Data on Female-Owned Enterprises**

139 SGBs in our dataset report on the percentage of the company owned by women; of those, 61 are majority-owned by women. Comparing this subset against the full sample of companies, we find lower median earned revenue and new investment capital. This pattern is to be expected given the barriers to growth that women entrepreneurs face; however, the data also show a slightly higher median number of full-time employees compared with the overall median. While the data set is too small to be able to draw definitive conclusions, it points at the potential of women entrepreneurs to make an impact on their communities through employment generation.

<table>
<thead>
<tr>
<th></th>
<th>Majority Female-Owned SGBs</th>
<th>All SGBs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned revenue</td>
<td>$300,000</td>
<td>$814,000</td>
</tr>
<tr>
<td>New investment capital</td>
<td>$40,000</td>
<td>$57,000</td>
</tr>
<tr>
<td>Full-time employees</td>
<td>21</td>
<td>41</td>
</tr>
</tbody>
</table>
Investing in Agriculture

65 percent of ANDE members focus on agriculture, a reflection of both agriculture’s importance in emerging market economies and the sector’s high potential for impact. In Africa, for example, agribusiness represents about half of gross domestic product (GDP), and it has the potential to grow from a $313 billion industry in 2010 to $1 trillion in 2030. In developing countries, 2.5 billion people depend on agriculture for their livelihoods, and 80 percent of the food supply in Africa and Asia is produced by smallholder farmers. A strengthened agriculture sector in developing countries means more secure food supply, improved livelihoods in rural communities, and broad-based economic growth.

Agribusinesses are critical to this growth. They link smallholders to markets, provide them with seeds and other farm inputs, and add value to crops through processing and quality improvement. While these businesses are key to meeting global demand and driving economic growth in rural communities, as in other emerging market sectors they often face significant challenges in finding skilled managers, accessing finance, and linking to markets.

IRIS Data on Agriculture

Of the companies for which ANDE members provided data, 42 percent are agribusinesses. The majority of these SGBs buy crops from smallholder producers—mainly coffee, but also cocoa, spices, fruit, rice, and honey. These businesses provide a key role in connecting smallholders to global markets and improving their livelihoods.

The median agriculture SGB buys from 600 smallholder farmers, and pays an average $1,400 per year to each smallholder for their crops. Between 2007 and 2012, 189 of these businesses made total payments of $625 million to smallholder farmers.

SGBs in the agriculture sector exhibit strong growth, reporting average compound annual revenue growth of 54 percent. Median revenue is around $1.2 million annually. And as these companies grow their revenues, they tend to also grow the payments they make to smallholders in their supplier network. Higher revenue growth is not only correlated with higher total payments to suppliers, but also higher average payments per supplier. Growth for these businesses means growth for their communities as well.

Catalyzing Smallholder Agricultural Finance

Smallholder farmers often are subject to low yields, poor linkages to markets, and strong vulnerability to risk. However, the rising global demand for food is leading multinational corporations increasingly to rely on smallholder farms to provide a sustainable supply for their products. A chief obstacle to tapping into smallholder farmers to meet this demand is farmers’ inability to access the finance they need to improve production.

With support from the Citi Foundation, Skoll Foundation and an advisory committee that included ANDE, TechnoServe, and Root Capital, Dalberg Global Development Advisors conducted a market assessment and landscaping of several smallholder value chains and agricultural finance. The agribusinesses that link producers to markets represent one pathway to smallholder finance. The study found that agricultural social lending has the potential to grow from around $9 billion ($350 million of which is provided through social lenders) to $33 billion, with a mix of short- and long-term financing. In addition, the report suggested that providing financing to traders who establish aggregation points could represent the mechanism to reach those smallholders not organized into formal relationships with producer associations.

“ANDE made this collaborative effort possible. We are now moving forward in partnership with ANDE to host roundtables with some of the largest multinational companies in the world to discuss these findings and what it could mean for future pilots and partnerships.”

—Graham Macmillan, Citi Foundation

In 2012, ANDE held a corporate roundtable in partnership with the Citi Foundation, Skoll Foundation, and Dalberg, to discuss smallholder agricultural finance and to examine the report’s findings. More than 40 participants gathered to discuss the variables inherent in successfully banking clients in frontier markets, including the necessity of providing value-add services to de-risk the upstream supply chain, and what ANDE’s role could be in supporting these strategies.

“From my side, it was an opportunity to share a new, holistic framework to tackle an intractable problem and benefit from shared insights around the table. The framework provides a clear foundation for strategies to migrate smallholder farmers from subsistence into market opportunities.”

—Simon Winter, TechnoServe
Small and Growing Businesses in Agricultural Value Chains

Small and growing businesses are critical to well-functioning agricultural value chains in developing economies. They are able to reach smallholder farmers directly and connect them to international markets. SGBs add value to production, ensuring the safe storage, distribution, and processing that allows those crops to meet global market standards. Supporting these small agribusinesses to grow will mean not only more stable livelihoods for smallholders, but also the creation of jobs along the whole value chain. ANDE members are supporting SGBs that operate along each stage of the chain; here are a few examples.

**Input Suppliers**

**Voxtra** East Africa Agribusiness Fund invested $1.4 million in Western Seed Company, a Kenyan company that sells hybrid maize seed to smallholder farmers. With this investment, Voxtra joins Western Seed’s current investors, Acumen Fund and Pearl Capital Partners, with the goal of doubling its production in five years.

**Oxfam’s Enterprise Development Program** supported the Dadeldhura Farmers’ Cooperative Society (DAFACOS), a company based in a remote western region of Nepal that sells seeds and other inputs to smallholders, with a $150,000 loan and $150,000 of capacity support. Oxfam also supported DAFACOS to access a loan from the local Kumari Bank that will be critical for its expansion.

**Smallholder Producers**

In developing countries, approximately 450 million smallholder farmers produce food and export crops on plots less than 2 hectares, and earn an average of $170-570 per year.

**Collection & Aggregation**

**Root Capital** supported COOPCAB with a $200,000 loan. This Haitian cooperative collects coffee from their network of smallholder farmer members and sells it to markets in Japan, Europe and the United States. By maintaining high quality control standards and providing its members with technical assistance, COOPCAB is able to charge higher prices for its export product and contribute to increased incomes for its members.

**Technoserve** supported smallholder vegetable farmers in Tanzania to form the Mlamke Producer Business Group. Through the group, smallholders have received training on both tomato production and basic business skills, and have set up a market collection point where they can bring their tomatoes to be sold in bulk. By banding together in business groups, the farmers are able to negotiate a price three times what they were able to earn previously.

**Processing**

**I-Dev International** and **Grassroots Business Fund (GBF)** support Villa Andina, a Peruvian company which processes dehydrated organic aguaymanto and mango for local and export markets. Villa Andina buys these crops from over 300 families of small scale farmers in the Cajamarca region in the North of Peru. After receiving investment readiness support from I-Dev, GBF invested in Villa Andina to help increase the company’s production capacity.

**The Global Social Benefit Incubator** and **Bamboo Finance** supported Coast Coconut, which creates opportunities for organic farmers, oil production workers, and micro franchisers. The company operates in rural Kenya and Tanzania and provides healthy cooking oil and cosmetics products that are sold in Kenya and exported to the US.

**Distribution – Wholesalers to National Markets**

**Unitus Impact** invested in MokshaYug Access (MYA), a supply chain solutions company that connects dairy farmers to urban markets in India. MYA builds procurement and transportation infrastructure bringing milk from rural areas to urban consumers; over the next three years, MYA plans to have a footprint in 10,900 villages, servicing 330,000 dairy farmers.

**Export – Wholesalers to Global Markets**

**Solidaridad Network** supports Grupo Hualtaco, a processing and export company of organic banana in Peru. The company not only collects bananas from its members, it also manages the export process to global markets. The company has grown significantly in recent years, doubling its export volumes and increasing the income it returns to producers from $1 million to $2 million annually.
ANDE IN 2012
In 2012, ANDE grew to more than 170 active members engaged in every emerging market in the world. ANDE strengthens the global sector and also supports local ecosystems to grow. Here is a snapshot of our work in 2012.

**ANDE IN ACTION**

In 2012, ANDE gave out $86,000 in scholarships. 250 individuals from 118 member organizations attended ANDE conferences in Washington, London, and New York in 2012. ANDE gave out $86,000 in scholarships.

**2012 BY THE NUMBERS**

- **Knowledge Sharing:** 250 individuals from 118 member organizations attended ANDE conferences in Washington, London, and New York in 2012. ANDE gave out $86,000 in scholarships.
- **Training & Growing Talent:** 286 people from 112 organizations belong to ANDE’s 6 active Working Groups: Capacity Development, Capital Aggregation, Legal, Metrics & Research, Women Entrepreneurship, and Youth Entrepreneurship.
- **Understanding Impact:** Nealy 100 people from over 50 organizations attended ANDE’s training programs that we held in New York and São Paulo in 2012.
- **Funding Innovation and Collaboration:** The Arigidius-ANDE finance challenge awarded $1,300,000 to 5 pilot projects.

**Funding Innovation and Collaboration**

- The Arigidius-ANDE finance challenge awarded $1,300,000 to 5 pilot projects.

**Understanding Impact**

- Nearly 100 people from over 50 organizations attended ANDE’s training programs that we held in New York and São Paulo in 2012.

**Training & Growing Talent**

- 226 people from 112 organizations belong to ANDE’s 6 active Working Groups: Capacity Development, Capital Aggregation, Legal, Metrics & Research, Women Entrepreneurship, and Youth Entrepreneurship.

**Knowledge Sharing**

- 250 individuals from 118 member organizations attended ANDE conferences in Washington, London, and New York in 2012. ANDE gave out $86,000 in scholarships.

**2012 by the Numbers**

- **Number of member organizations active in regional chapters, 2012**
  - Brazil: 20
  - East Africa: 17
  - South Africa: 14
  - West Africa: 13
  - Central America/Mexico: 14
  - India: 12
  - Brazil: 22
  - South Africa: 22
  - East Africa: 38
  - West Africa: 22

**Percentage of Members**

- **Sub-Saharan Africa:** 71%
- **Latin America:** 64%
- **Asia:** 58%
- **USA & Canada:** 38%
- **Middle East & North Africa:** 34%
- **Europe:** 30%
- **Oceania:** 1%

**ANDE Staff Presence**

- **Percentage of members engaged in region**
  - Washington DC: 52%
  - Mexico City: 14%
  - São Paulo: 13%
  - Johannesburg: 1%
Regional Chapters

ANDE’s Regional Chapters bring together members based in a specific country or region to promote collaboration and knowledge sharing on the ground. In 2012, ANDE ramped up its chapter activities, hiring four new staff based in Sao Paulo, Mexico City, Johannesburg, and Nairobi, and launching a new chapter in West Africa, based in Lagos. Each chapter works with a local Steering Committee to develop priorities for the region and to develop opportunities to bring members together to address common challenges and opportunities specific to their geographies.

2012 Steering Committees

Brazil
- Artemesia
- AVINA Foundation
- Endeavor Brasil
- MOV Investimentos
- Potencia Ventures
- Vox Capital

Central America/Mexico
- Agora Partnerships
- FUNDES
- IGNIA Partners LLC
- New Ventures Mexico
- Oxfam
- PYMEcapital
- Root Capital
- Value for Women
- Yo Emprendedor

East Africa
- Acumen Fund
- ATMS/AMSCO
- Dalberg Global Development Advisors
- The Rockefeller Foundation
- Root Capital
- Technoserve

India
- Acumen Fund
- Dalberg Global Development Advisors
- Dasra
- Grassroots Business Fund
- ShoreBank International
- Technoserve
- Villgro

South Africa
- ATMS/AMSCO
- Dalberg Global Development Advisors
- GreaterCapital
- Impact Amplifier
- Swisscontact
- Technoserve

West Africa
- Acumen Fund
- Alitheia Capital
- Dalberg Global Development Advisors
- Enterprise Development Centre of Pan-African University
- FATE Foundation
- The Tony Elumelu Foundation

Argidius-ANDE Finance Challenge

In 2012, the Argidius Foundation selected ANDE to design and implement the Argidius-ANDE Finance Challenge, a competition aimed at accelerating the development of innovative and sustainable models to provide growth capital to early stage enterprises seeking $20,000 to $200,000. The Challenge—focused on the target countries of Burkina Faso, Guatemala, Honduras, Mali, Moldova, and Nicaragua—was designed as a two-stage competition. The first stage awarded grants of €200,000 to five pilot projects to test their concepts beginning in October 2012. After 18 months, the second stage will award €1,000,000 to the most successful Round 1 pilot.

The pilots strategies include: extending equity to underserved markets, supporting microfinance institutions to move upstream and banks to move downstream, experimenting with a cash-flow based investment structure, and credit scoring to support banks’ due diligence. Over the course of 2013 and 2014, the pilots will be evaluated to determine the one with greatest impact and sustainability.

(See a list of all Round 1 winners in Appendix B).

Legal Working Group

Many ANDE members are global organizations that negotiate deals and establish a presence in multiple countries. Navigating the diverse and complex legal environments in these countries is a major challenge, and poses a high risk for organizations that wish to enter underserved markets. The ANDE Legal Working Group was formed in 2012 in response to this critical challenge to the growth of the SGB sector. The group brings together legal experts from 33 members to develop general legal tools and templates and to learn more about the challenges that members face when dealing with (1) transactions, (2) market and policy risk, (3) organizational structure and internal procedures, and (4) legal relationships. With support from the Capacity Development Fund, Open Capital Advisors and TransFarm Africa are leading the group to develop legal tools and best practices specific to the East African market.
Notes from the Field

Fostering Industry Collaboration—Brazil

ANDE strongly believes that breaking through silos will create a stronger ecosystem for small and growing businesses. The Brazil Chapter has taken this philosophy and begun to focus the local conversation around specific sectors, such as health. This sector-based approach connects professionals with various experiences in one sector—from technical to social to political—and generates a stronger network for the field. The Brazil Chapter believes that strengthening these connections will ultimately spur entrepreneurship that will positively impact the industry.

Throughout 2012, the Brazil Chapter identified the main industries that would benefit from this sector-specific approach: Access to Finance, Housing, Education, Health, and Technology were named as top priorities. Simultaneously, the chapter began identifying outside organizations interested in supporting the initiative through sponsorships, expertise and logistical support. This led to a partnership with Itaú Bank, which sponsored the first event in early 2013 focused on Access to Finance. At the event, more than 60 participants from banks, capacity development providers, investors, and universities discussed financial products and services for the base of the pyramid.

Three Brazilian entrepreneurs presented on innovations in the financial sector and participated in a discussion on the key challenges for the sector.

In 2013, the Brazil Chapter plans to hold at least two more events: Housing for the BoP and Innovations in Technology for the BoP. The chapter believes these conversations will strengthen participants’ networks and generate a collaborative environment where they feel stimulated to create new projects, even with their competitors, for the sake of greater impact for the local community.

Mapping Networks—Central America and Mexico

In 2011, ANDE awarded a Capacity Development Fund grant to Root Change and the Central America/Mexico Chapter to develop a new platform to carry out a mapping of the entrepreneurial sector of the region. The platform—the Global Impact Investment Map (GIIMAP)—creates a dynamic visualization of where a particular organization sits within the local ecosystem. In 2012, the team joined forces with Spectron Desarrollo, Promotora Social México, and Universidad Anahuac del Sur to expand the project to include 27 Mexican partners in order to conduct a more in-depth study of the entrepreneurial ecosystem in Mexico.

By the end of 2012, 166 organizations in the Mexican SGB ecosystem had participated in the mapping by filling out profiles, and more than 400 additional organizations were identified. GIIMAP asks organizations to submit information on how they collaborate with others in the space, thus creating a real-time display of how the sector works together. The initial mapping identified that the most robust collaboration area was “identifying entrepreneurs and SGBs” and the weakest area of organizational collaboration was around “financing.” This finding suggests that the pioneer gap is very prominent in Mexico.

In addition to providing a broad picture of the ecosystem, GIIMAP allows users to identify themselves within the ecosystem while also finding potential partners and connectors. Organizations can subsequently better understand their position in the ecosystem and the areas where they could have the most impact to propel entrepreneurship. Through GIIMAP, ANDE was found to be an important influencer and broker for ecosystem strengthening.

The GIIMAP tool has provided a critical perspective to the sector in Mexico and Central America, not only for new players in the field but in overall knowledge of the state of the sector and resources is available.

Incubating Early Stage Enterprises—East Africa

In December 2012, ANDE, CARE, the Rockefeller Foundation, USAID, and Acumen convened 55 organizations in Nairobi for a workshop on early stage incubation of social enterprises in East Africa. The workshop was designed to be a forum that would allow participants to develop a deeper understanding of the ecosystem and identify initiatives to address existing gaps.

After three intense days of discussion and brainstorming, it was clear that there were a variety of challenges that the local ecosystem could work collaboratively to address. Broadly, the group found three main areas of focus: (1) developing talent, (2) making information and resources more accessible to entrepreneurs, and (3) supporting accelerators to improve their services to entrepreneurs. The group then identified three initiatives that the sector can support to address these specific challenges.

Through these three initiatives, the chapter will address fundamental gaps in the social enterprise ecosystem in East Africa and will establish itself as a key institution and sector builder in the region. Throughout 2013, the chapter plans to focus on actionable next steps to drive collaborative, innovative initiatives that support these three priority areas.

Supporting Enterprise Development Through Policy Reform—South Africa

In recent years there has been an increased policy focus in South Africa on enterprise development (ED). This is an initiative created by the Department of Trade and Industry (DTI) to support businesses that achieve growth and create jobs.

According to Statistics South Africa, since the implementation of ED 12 years ago, there has been a 40 percent increase in small business and entrepreneurial activity in the country. But many small business owners within the program still face obstacles to growing their businesses. At the same time, corporations are facing
increased pressure from the DTI and other government agencies to support and empower small businesses in their value chain.

In 2012, the South Africa Chapter decided that this gap presents an opportunity to leverage members’ collective expertise. In 2013, the chapter will bring together various actors in the ED space to address the most pressing challenges for entrepreneurs, with a focus on understanding what works and what does not work in ED.

The first piece of research will survey the overall implementation of ED by the Top 100 Johannesburg Stock Exchange-listed companies and multinationals in the county. Knowledge and best practices learned from the survey will be shared with South African policy-makers and will be modeled as a tool to guide ED practitioners in the future. The chapter also will continue to work with organizations on understanding how to measure the impact of their enterprise development strategies.

The South Africa chapter believes this collaboration can lead to growth of the ecosystem to support small business entrepreneurs in a more sustainable way.
Appendix A. SGB Fund Scan Contributors and Expert Interviews

**Participating Asset Management Firms**

Accelerator Technology Holdings  
Accion  
Acumen  
Alitheia Capital  
AlphaMundi Group Ltd  
Alta Ventures  
Ambers&Co Capital  
Armstrong Asset Management  
Azure Partners SA  
Bamboo Finance  
BlueOrchard Finance S.A.  
Bridge Singapore  
Business Partners International  
Business Partners Ltd  
Consorzio Etimos Sc  
Corporacion Inversor  
Developing World Markets  
EcoEnterprises Capital Management  
Equator Capital  
Equity for Africa  
ERM Foundation  
Eventures Africa Fund (eVA)  
Fundación para la Producción “FUNDA-PRÓ”  
Global Partnerships  
Grameen Foundation USA  
Grassroots Business Fund  
Gray Ghost Ventures  
GreaterCapital  
Grofin Capital  
GVEP International/AlphaMundi Group Ltd  
Identity Partners  
IGNIA Partners LLC  
Impact Finance Management S.A.  
Incofin Investment Management  
InReturn Capital/Jacana Partners  
Knife Capital  
Labadens Private Equity  
Latin Idea Ventures  
Leopard Capital  
LGT Venture Philanthropy  
Media Development Loan Fund  
Minerva Capital Group, LLC  
New Ventures  
Oasis Capital Ghana  
Pragma Patrimônio  
Progression Capital Africa Limited  
Promotora Social Mexico, A.C.  
Prospero Microfinanzas GP responsAbility  
Root Capital  
SA Capital Limited  
Sarona Asset Management  
SEAF  
SEAF India Agribusiness International Fund  
Shared Interest  
The Blue Link  
Triodos Investment Management  
Unique Venture Capital Management Company  
Unitus Lab  
Venture Institute Partners SAPI De CV  
Village Capital  
Vox Capital Consultoria e Assessoria Ltda  
Voxtra  
Willow Impact  
XSML Management B.V.

**Public Information Platforms**

Kusuntu Partners  
MENA Private Equity Association  
South African Chamber of Commerce in America  
Southeastern Europe Private Equity Association

**Expert Interviewees**

Geetha Tharmaratnam, Abraaj Group  
Rodrigo Villar, Adobe Capital  
Tom Hyland, Aspada Advisors  
Rodrigo Menezes, Brazil Venture Capital Association (ABVCAP)  
Alberto Riano, Corpacion Inversor  
Lisa Thomas, Equator Capital  
Maria Cavalcanti, FIRST Brazil  
Jennifer Airey, Heart & Mind Consulting  
En Lee, Impact Investment Exchange Asia  
Cate Ambrose, LAVCA  
Anthony Randazzo, OPIC  
Bonnie Landers, RS Group  
Phil Beavers, Shorebank International  
Amie Patel, Soros Economic Development Fund  
Ralitsa Rizvanolli, The Microfinance Information Exchange (The MIX)  
Josh Peterson, Unitus Impact  
Virgilio Barco, Banca de Inversion Social  
Daichi Hirose, PlaNet Finance Japan  
Elma Paulauskaite, Impact Investing in Brazil  
Katy Yung, Sterling Group  
Karam Chae, The Happiness Foundation  
Gilberto Ribeiro, Vox Capital  
Daniel Castaño, BDC Colombia  
Mark Meador, Frontier Odyssey  
Alejandro Arenas, Inverlink S.A.  
Maria Jose Montero, Fondo de Inversion Social
## Appendix B. 2012 ANDE Grantees

### Capacity Development Fund

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Members Involved</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Student Entrepreneurship Awards (GSEA) Mentorship Pilot</td>
<td>Entrepreneurs’ Organization, Mercy Corps’ MicroMentor</td>
<td>Entrepreneurs’ Organization (EO) will expand its student/youth mentorship program via outreach to the skills-based volunteer CSR programs of internationally based companies, to increase the mentor pool for the SGB sector. EO will partner with MicroMentor to share youth mentoring best practices and technology resources, and utilize its online matching program.</td>
</tr>
<tr>
<td>YFE: Young, Female, Entrepreneur</td>
<td>Value for Women, Fundación Capital, Cherie Blair Foundation for Women (ANDE Women’s Working Group)</td>
<td>This project will work with existing and planned initiatives focusing on women entrepreneurs to better understand the underlying problems of underinvestment and the emerging opportunities for young, female entrepreneurs. Members will collectively define ecosystem-based solutions and build a body of knowledge and capacity within ANDE and its members to grow their impact through YFEs.</td>
</tr>
<tr>
<td>Developing Legal Tools Tailored to the East African Markets</td>
<td>Open Capital Advisors, TransFarm Africa, Acumen Fund, Grassroots Business Fund, Root Capital (ANDE Legal Working Group)</td>
<td>Building off the work of the ANDE Legal Working Group, this project will pilot development of a set of legal tools suited to the East African market. This will help ANDE members address their legal needs on a mission-consistent basis and reduce the time and expense of understanding local market requirements and legal standards.</td>
</tr>
<tr>
<td>Enabling Youth-Led Social Ventures in Asia</td>
<td>Synergy Social Ventures</td>
<td>This project aims to grow the support available to local, youth-led social ventures and SGBs in Southeast Asia and China by expanding the reach of Synergy’s support for youth entrepreneurs through national level partners.</td>
</tr>
<tr>
<td>Crowd Funding Platform to support impact investing into Entrepreneurs</td>
<td>New Ventures India</td>
<td>This project will build a platform that would allow ANDE members to “sponsor” enterprises for crowd funding. This “sponsorship” would ensure quality deal-flow. The first phase will be implemented in India and then, on experience, be expanded to China and Indonesia.</td>
</tr>
<tr>
<td>Developing Standards for Effective Youth Entrepreneurship</td>
<td>The Prince’s Youth Business International, Kauffman Foundation/GEW (ANDE Youth Working Group)</td>
<td>This project will develop quality principles and standards for the youth enterprise sector with a view to support and guide practitioners, donors/investors, and policy-makers. It will define tools that are accessible to the sector and tailor-made for the organizations in the ANDE Youth Working Group.</td>
</tr>
<tr>
<td>Capturing Impact: Customized Training on Outcome Data Collection and Analysis for ANDE Members</td>
<td>William Davidson Institute at the University of Michigan</td>
<td>WDI will hold two workshops—one in New York City and one in Johannesburg, South Africa—to train members on outcome data collection best practices.</td>
</tr>
<tr>
<td>Design and Delivery of an Online Learning Module for Social Entrepreneurs/SGBs</td>
<td>Intellecap</td>
<td>Intellecap will design and test the feasibility and efficacy of delivering an “online learning” module focusing on the fundamentals of setting up a social enterprise. It will then share learnings from the pilot to promote similar participation and offerings by other service providers.</td>
</tr>
<tr>
<td>Making the $-Valued Business Case for Incubator/Accelerator Services</td>
<td>I-DEV International</td>
<td>I-DEV will analyze the role and impact that accelerator programs have on the impact investing sector. This analysis seeks to develop a quantitative, financially focused evaluation of the “value” incubators/accelerators are currently providing the impact investment and social enterprise sectors, in addition to a framework for benchmarking.</td>
</tr>
</tbody>
</table>
### Argidius ANDE Finance Challenge

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Organizations Involved</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating Bridges for Growth</td>
<td>George Mason University</td>
<td>George Mason University will work with the PYME (SME) division of BAC Honduras in creating the bridge for funding to firms that have been successful at growing clients of MFIs. In parallel, GMU will launch a social venture fund which will seek to fund four to five companies in the first year.</td>
</tr>
<tr>
<td>I&amp;P Sahel Enterprises</td>
<td>I&amp;P</td>
<td>I&amp;P will create a local equity investment vehicle dedicated to small SMEs in Burkina Faso and Mali based on their successful model in Niger. The vehicle will target equity/quasi-equity five-year investments for €20,000 to €200,000.</td>
</tr>
<tr>
<td>Seed Capital that Works “From Micro to Small”</td>
<td>Multilateral Investment Fund of the Inter-American Development Bank</td>
<td>A fund of $640,000 will provide convertible loans for ten startups in Guatemala. The project will transfer the know-how to a local commercial bank—Banco G&amp;T Continental, adopting a mechanism that can mitigate information asymmetries.</td>
</tr>
<tr>
<td>Demand-Driven Investment Vehicle: Modeling, Testing, and Mobilizing a New Capital Investment Instrument for Early-Phased Global Social Entrepreneurs</td>
<td>Center for Science, Technology, and Society – Santa Clara University</td>
<td>The proposed Demand-Dividend Investment Vehicle will provide a new tool that improves the ability of impact capital providers to invest in early-phase SGBs—one that has a higher risk tolerance than loans and more liquidity than equity. This project will include the final design of this model, a regression analysis on existing enterprises, the creation of flexible term sheets, and the testing of this instrument with four to six enterprises.</td>
</tr>
<tr>
<td>Creating a Mainstream Market for Agricultural Finance by Profiling Producer Organizations</td>
<td>SCOPEInsight</td>
<td>SCOPEInsight will profile 250 agricultural producer organizations in Central America based on the SCOPE methodology. The resulting Profile and Assessment Reports will serve as an efficient tool for pre-selection and due diligence of viable prospects for banks.</td>
</tr>
</tbody>
</table>

### Research Fund

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Organizations Involved</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Sweatshops for Africa? An Experimental Study of Firms, Factory Labor, and Poverty Alleviation</td>
<td>Innovations for Poverty Action</td>
<td>This project seeks rigorous evidence on the effects of SGBs on the workers they employ and, by extension, their households. The researchers will conduct a randomized control trial of industrial labor in Ethiopia.</td>
</tr>
<tr>
<td>The Effects of Small-Scale Electricity Systems on Rural Communities in South Asia</td>
<td>World Resources Institute, International Institute for Applied Systems Analysis (IIASA)</td>
<td>This project will assess how the recent proliferation of small-scale electricity systems in South Asia has improved the lives of communities that they serve. The study will use a quasi-experimental research design to compare development outcomes for communities that receive electricity from SGBs, those that receive electricity from the grid, and those that rely on other sources of fuel.</td>
</tr>
<tr>
<td>Evaluating Household Level Impacts of SGB Creation and Impact Investing in Peru</td>
<td>I-DEV International, Grupo de Análisis para el Desarrollo—GRADE</td>
<td>This study will focus on the impact of SGBs that employ the poor, primarily in the agricultural sector in Peru. The team will use a mixed-methods approach, which will combine quantitative analysis of survey data with a qualitative assessment of the SGBs and their beneficiaries.</td>
</tr>
</tbody>
</table>
### Appendix C. ANDE Executive Committee and Staff

**ANDE Executive Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mildred Callear</td>
<td>Executive Vice President and Board Member</td>
</tr>
<tr>
<td>Maria Cavalcanti</td>
<td>Managing Partner, FIRST Brazil Impact Investing Fund Advisor, Halloran Philanthropies</td>
</tr>
<tr>
<td>Christine Eibs Singer</td>
<td>Co-founder, E+Co Advisor, Sustainable Energy Finance</td>
</tr>
<tr>
<td>Willy Foote</td>
<td>Founder and CEO, Root Capital</td>
</tr>
<tr>
<td>Lisa Hall</td>
<td>President and CEO, The Calvert Foundation</td>
</tr>
<tr>
<td>Randall Kempner</td>
<td>Executive Director, ANDE (Chair)</td>
</tr>
<tr>
<td>Bob Kennedy*</td>
<td>Executive Director, William Davidson Institute, University of Michigan</td>
</tr>
<tr>
<td>Raj Kundra</td>
<td>CEO, Macquarie Partnership for Social Impact</td>
</tr>
<tr>
<td>Graham Macmillan</td>
<td>Senior Program Officer, Citi Foundation</td>
</tr>
<tr>
<td>Paul Malherbe</td>
<td>CEO and MD, ATMS/AMSCO</td>
</tr>
<tr>
<td>Neera Nundy</td>
<td>Managing Partner, Dasra</td>
</tr>
<tr>
<td>Peter Reiling</td>
<td>Executive Vice President, Aspen Institute</td>
</tr>
<tr>
<td>Andrew Stern</td>
<td>Partner, Dalberg Global Development Advisors</td>
</tr>
<tr>
<td>Rodrigo Villar</td>
<td>President of New Ventures Global Network, Director of New Ventures, Mexico</td>
</tr>
<tr>
<td>Simon Winter</td>
<td>Senior Vice President of Development, TechnoServe</td>
</tr>
</tbody>
</table>

* Concluded tenure in 2012

**ANDE Staff**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katia Dumont</td>
<td>Central America/Mexico Chapter Coordinator</td>
</tr>
<tr>
<td>Genevieve Edens</td>
<td>Impact Assessment Manager</td>
</tr>
<tr>
<td>Jenny Everett</td>
<td>Associate Director</td>
</tr>
<tr>
<td>Stella Hanly</td>
<td>Operations Associate</td>
</tr>
<tr>
<td>Joanna Herrmann</td>
<td>Senior Program Associate</td>
</tr>
<tr>
<td>Randall Kempner</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Saurabh Lall</td>
<td>Research Director</td>
</tr>
<tr>
<td>Mary Mwangi</td>
<td>East Africa Chapter Coordinator</td>
</tr>
<tr>
<td>Nompu Ntsele</td>
<td>South Africa Chapter Coordinator</td>
</tr>
<tr>
<td>Rebeca Rocha</td>
<td>Brazil Chapter Coordinator</td>
</tr>
<tr>
<td>Daina Ruback</td>
<td>Program Coordinator</td>
</tr>
</tbody>
</table>

### Appendix D. ANDE Members (as of April 1, 2013)

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accion</td>
<td></td>
</tr>
<tr>
<td>Actis</td>
<td></td>
</tr>
<tr>
<td>Acumen</td>
<td></td>
</tr>
<tr>
<td>Africa Enterprise Challenge Fund</td>
<td></td>
</tr>
<tr>
<td>African Social Entrepreneurs Network (ASEN)</td>
<td></td>
</tr>
<tr>
<td>Aga Khan Foundation</td>
<td></td>
</tr>
<tr>
<td>Agora Partnerships</td>
<td></td>
</tr>
<tr>
<td>Aid for Africa</td>
<td></td>
</tr>
<tr>
<td>Alitheia Capital</td>
<td></td>
</tr>
<tr>
<td>Argidius Foundation</td>
<td></td>
</tr>
<tr>
<td>Artemisia**</td>
<td></td>
</tr>
<tr>
<td>The Aspen Institute</td>
<td></td>
</tr>
<tr>
<td>ATMS Foundation/AMSCO</td>
<td></td>
</tr>
<tr>
<td>Fundación AVINA**</td>
<td></td>
</tr>
<tr>
<td>Bamboo Finance</td>
<td></td>
</tr>
<tr>
<td>Banorte</td>
<td></td>
</tr>
<tr>
<td>Fundación Bavaria</td>
<td></td>
</tr>
<tr>
<td>Bernard van Leer Foundation**</td>
<td></td>
</tr>
<tr>
<td>BID Network</td>
<td></td>
</tr>
<tr>
<td>B Lab</td>
<td></td>
</tr>
<tr>
<td>Blue Haven Initiative</td>
<td></td>
</tr>
<tr>
<td>Fundación Bolivar Davivienda</td>
<td></td>
</tr>
<tr>
<td>Bpeace (Business Council for Peace)</td>
<td></td>
</tr>
<tr>
<td>The Bridge Fund</td>
<td></td>
</tr>
<tr>
<td>BRiiX (Brazil’s Impact Investment Exchange)</td>
<td></td>
</tr>
<tr>
<td>Business Partners</td>
<td></td>
</tr>
<tr>
<td>Calvert Foundation</td>
<td></td>
</tr>
<tr>
<td>Fundación Capital</td>
<td></td>
</tr>
<tr>
<td>CapitalPlus Exchange</td>
<td></td>
</tr>
<tr>
<td>CARE</td>
<td></td>
</tr>
<tr>
<td>CDC Group</td>
<td></td>
</tr>
<tr>
<td>Center for Creative Leadership</td>
<td></td>
</tr>
<tr>
<td>Cherie Blair Foundation for Women</td>
<td></td>
</tr>
<tr>
<td>Citi Foundation**</td>
<td></td>
</tr>
</tbody>
</table>

**These foundations provided additional grant funding for ANDE in 2012.**
d.o.b. foundation
Dalberg Global Development Advisors
Dasra
DEUS
Deutsche Investitions- und Entwicklungsgesellschaft (DEG)
eBay Foundation**
Echoing Green
EcoEnterprises Fund
ECSEL
edge
Emcor Securities Inc.
Emerging Markets Private Equity Association (EMPEA)
Emerging Stars
Enablis
Endeavor
Enterprise Development Centre - Pan-African University
Entrepreneurial Finance Lab (EFL)
Entrepreneurs’ Organization
Equity Group Foundation
Fair Trade USA
FATE Foundation
Finance Alliance for Sustainable Trade (FAST)
Ford Foundation
FSG Social Impact Advisors
Fundacion para la Produccion (FUNDA-PRÓ)
Fundemex
FUNDES
The Bill and Melinda Gates Foundation
Global Alliance for Improved Nutrition
Global Business School Network
Global Catalyst Initiative
Global Center for Cultural Entrepreneurship
Goldman Sachs—10,000 Women Initiative
Grameen Foundation
Grand Challenges Canada
Grassroots Business Fund
Gray Ghost Ventures
GreaterCapital
GroFin
GrowthAfrica
GVEP International
Haitian Hometown Associations Resource Group
Halloran Philanthropies**
Heifer International
IADB – Multilateral Investment Fund**
ICE [Entrepreneurial Citizenship Institute]
I-DEV International
Fundación IES
IGNIA Partners LLC
Impact Amplifier
Impact Finance
Imprint Capital
Indus Basin Holding
Instituto Hartmann Regueira
Intellecap
InterMedia
International Finance Corporation
Inversor
Invest2Innovate
Investisseurs & Partenaires
Jacana Partners
Karismibi Business Partners
Kenya Feed the Future Innovation Engine
Land O’Lakes, Inc.
Lang Entrepreneurship Center, Columbia Business School
The Lemelson Foundation**
LGT Venture Philanthropy
Low Carbon Enterprise Fund
Lundin Foundation
Macquarie Infrastructure and Real Assets
The MasterCard Foundation
MasterCard Worldwide**
McKinsey
Media Development Investment Fund
Mercy Corps
Monitor Deloitte
MOV Investmentos
Movirtu
National Entrepreneurship Network
Naya Jeevan
NESsT
New Ventures Mexico
New Ventures – WRI
NOTS Foundation
Omidyar Network
Open Capital Advisors
Overseas Private Investment Corporation
Oxfam**
Partners in Food Solutions
The Pershing Square Foundation
Potencia Ventures**
Potential Africa
The Prince’s Youth Business International
Promotora Social Mexico
PymeCapital
Rainforest Alliance
Raizcorp
RegCharles Finance and Capital Ltd
Relief International – EnterpriseWorks
ResponsAbility Social Investments
Rianta Capital, Artha Initiative
Root Capital
Root Change

**These foundations provided additional grant funding for ANDE in 2012.
Appendix D. continued...

RTI International
SA Capital Limited
Sandler Trade LLC
Santa Clara Global Social Benefit Incubator
SAP AG—Global Communications
SCOPEinsight
Shared Interest/Thembani International Shell Foundation
SBI (ShoreBank International)
Skoll Centre for Social Entrepreneurship
Skoll Foundation
Small Enterprise Assistance Funds (SEAF)
Solidaridad Network
Stanford University
Synergy Social Ventures
TechnoServe Inc.
The Rockefeller Foundation**
The Tony Elumelu Foundation
The William Davidson Institute at the University of Michigan (WDI)
TransFarm Africa
TriLinc Global
U.S. Agency for International Development (USAID)
Unitus Impact
Universidad de Los Andes
University of Cape Town
Graduate School of Business
Value for Women Ltd.
Venture Institute
Village Capital
VillageReach
Villgro Innovations Foundation
Vital Voices Global Partnership
Vox Capital
Voxtra
Walmart
WEConnect International
Wellspring Advisors
Wildlife Conservation Society
Willow Impact Investors

Glossary

CLOSED-END FUND: Investment vehicle that raises capital commitments toward the beginning of its life then, at some point closes to additional investors.

COMMITTED CAPITAL: Pledges of capital to an investment vehicle by investors (limited partners and the general partner) or by the firm. Committed capital typically is not drawn down at once but drawn down over a period of time.

DEPLOYED CAPITAL: Capital outflows from an investment vehicle (e.g., investment fund) to purchase and/or invest in debt, quasi-equity, and equity from portfolio companies and assets.

INCEPTION YEAR: The year the fund began its operations.

PHILANTHROPIC FUND: A fund supported overwhelmingly by grant capital or one which intends to return less capital than invested or no capital at all; this may be a “captive fund” of a not-for-profit entity; this category also include “venture philanthropy” funds and “evergreen funds” which raise philanthropic capital and invest it seeking returns in order to sustain the life of the fund itself and without intention to provide returns to capital sources.

TARGET ASSETS UNDER MANAGEMENT (AUM): The fund’s goal for total fundraising as measured in assets under management.

VINTAGE YEAR: The year when the first committed capital from outside investors is closed and legally binding.

**These foundations provided additional grant funding for ANDE in 2012.
Endnotes


13. Most ANDE members focus on direct interventions with the SGB; that is why this report focuses on access to finance, human capital, and markets. Interventions to build a more supportive enabling environment for SGBs also are critical for large-scale business growth, but are not the primary focus of ANDE members, and are not covered in this report.


15. CAGR calculated across variable number of periods, for any year with data from 2007 to 2012.

16. Average salary is a calculation using the IRIS metrics Permanent Employees and Permanent Employee Wages.

17. Minimum wages may be defined as the lowest level of remuneration permitted, which in each country has the force of law and which is enforceable under threat of penal or other appropriate sanctions. This includes minimum wages set through collective agreements for which the law at least establishes that such agreements are binding on the parties thereto, either at enterprise, branch, or national level. Average Wage refers to the monthly, nominal mean wage of all employees in each country for both sexes in local currency units. All data accessed through the ILO Database on Conditions of Work and Employment Laws. ILO, Geneva. Available at: http://www.ilo.org/dyn/travail.

18. We will use "accelerator" to indicate both incubator programs that focus on seed-stage.

19. N=47.


21. All are either currently investing, or closed but launched since 2001. We refer to "funds" to indicate the unit of analysis for this dataset, which includes both funds and products. The breakdown of funds by type was as follows: Closed-end Fund 63%, Other Private Equity structure 15%, Open-ended Fund 6%, Fixed Income Product 5%, Captive Fund 5%, Philanthropic Fund 4%, Government fund 2%.

23. N=78. About 50% of the sample had reached a final close, while the rest were still open for investment. Includes only funds that reported both target AUM and committed capital.


30. Personal communication, MixMarket.


34. Koh, From Blueprint to Scale.


39. U.S. dollars in nominal terms, not adjusted for purchasing power parity (PPP).


IRIS Metrics Referenced

<table>
<thead>
<tr>
<th>IRIS ID</th>
<th>Indicator Name</th>
<th>IRIS ID</th>
<th>Indicator Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>FP5958</td>
<td>Earned Revenue</td>
<td>PD1516</td>
<td>Product/Service Detailed Type</td>
</tr>
<tr>
<td>FP8293</td>
<td>New Investment Capital</td>
<td>PD3017</td>
<td>Product/Service Type</td>
</tr>
<tr>
<td>OD6855</td>
<td>Location of Organization’s Headquarters</td>
<td>PD4565</td>
<td>Supplier Locations</td>
</tr>
<tr>
<td>OI3160</td>
<td>Full-Time Employees</td>
<td>PI1492</td>
<td>Payments to Supplier Individuals</td>
</tr>
<tr>
<td>OI8869</td>
<td>Permanent Employees</td>
<td>PI5350</td>
<td>Supplier Individuals</td>
</tr>
<tr>
<td>OI9677</td>
<td>Permanent Employee Wages</td>
<td>PI9991</td>
<td>Supplier Individuals: Smallholder</td>
</tr>
</tbody>
</table>
Photographs generously provided by:
John-Michael Maas/Darby Communications (page 18)
Low Carbon Enterprise Fund (page 24)
Inveneo (page 39)
Santa Clara University (page 4)
TechnoServe (pages 2, 6, 10, 12, 14, 19, 21, 22)
Thanks to all the members who submitted vignettes, data and photos for this report.

Cover photo by TechnoServe