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

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“Small and Growing Businesses” (SGBs) are high-growth, high-impact businesses. Although the definition varies by country, ANDE defines SGBs as commercially viable businesses with 5 to 250 employees that have significant potential for growth and whose managers desire to grow them. Typically, SGBs seek growth capital from $20,000 to $2 million.

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

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SGBs and Broader Sector Trends

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

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

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

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

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

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

Source: Emerging Market Private Equity Association, MIX Market, Dalberg Analysis.
The Impacts of ANDE’s Members

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

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

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

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

**The Potential of Aggregated Data**

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

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\(^2\) n = 33.

\(^3\) n = 39.

\(^4\) n = 13.
ANDE in Action – 2011 in Review
Like any other membership network, ANDE is only as strong as the organizations that form it, and in 2011, we got stronger. ANDE gained 54 new members organizations in 2011, ending the year with 143 members and an 86 percent retention rate.

Highlights of the Past Year:

Knowledge Sharing and Creation

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

ANDE Members in 2011

Data as of January 2012
Talent Development and Training

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

Metrics and Evaluation

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

Research

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

Capacity Development Fund

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

Advocacy and Education

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

The Coming Year

Over the next year, ANDE will continue all our current activities while focusing additional resources on four areas: regional chapters, research, corporate and bank outreach, and communications. We hope to expand and strengthen our membership and carry out activities aimed at demonstrating the value of SGBs in building prosperity in emerging markets.
ANDE 2011 and 2012 Executive Committees

Mildred Callear
Executive Vice President and COO
Small Enterprise Assistance Funds

Maria Cavalcanti
Former Chief Strategy Officer, AVINA Foundation

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

Willy Foote
Founder and CEO, Root Capital

Lisa Hall
President and CEO, Calvert Foundation

Randall Kempner
Executive Director, ANDE

Bob Kennedy
Executive Director, William Davidson Institute
University of Michigan

Raj Kundra
Acting Chief Investment Officer, Acumen Fund

Graham Macmillan
Senior Program Officer
Citi Foundation

Peter Reiling
Executive Vice President
The Aspen Institute

Andrew Stern
Global Operating Partner
Dalberg Global Development Advisors

Ricardo Teran*
Co-Founder and Managing Partner
Agora Partnerships

Brian Trelstad*
Chief Investment Officer
Acumen Fund

Rodrigo Villar
Director, New Ventures Mexico

Simon Winter
Senior Vice President-Development
TechnoServe, Inc.

*Ended tenure at end of 2011.

ANDE Staff

Genevieve Edens, Impact Assessment Manager
Jenny Everett, Associate Director
Jack Garvey, Program Coordinator
Stella Hanly, Operations Associate
Joanna Herrmann, Program Associate
Randall Kempner, Executive Director
Saurabh Lall, Research Director
Rob Parkinson, Brazil Chapter Coordinator
ANDE Members (as of March 27, 2012)

ACCIÓN International
Actis
Acumen Fund
Africa Enterprise Challenge Fund
Africa Report
Aga Khan Foundation
Agora Partnerships
Aid for Africa
Akilah Institute for Women
Alcoa Foundation**
Alictheia Capital
Appropriate Infrastructure Development Group
Argidius Foundation
Artemisia Social Business
The Aspen Institute
ATMS Foundation/AMSCO
Avantage Ventures
Bamboo Finance
Bernard van Leer Foundation**
BidNetwork
The Bill and Melinda Gates Foundation
B Lab
Bpeace (Business Council for Peace)
Bridge Fund
Calvert Foundation
CapitalPlus Exchange
Center for Creative Leadership
Cherie Blair Foundation for Women
CHF International
Citi Foundation**
Dalberg Global Development Advisors
Dasra
E+Co
Ebay Foundation
ECSEL
Emerging Markets Group Holding
Enablis
Endeavor
Enterprise Development Centre of Pan-African University
Equity Group Foundation
Fair Trade USA
FATE Foundation
Finance Alliance for Sustainable Trade
Ford Foundation
FSG Social Impact Consultants
Fundación AVINA**
Fundación Bavaria
Fundación Bolivar Davivienda
Fundación Capital
Fundación IES
Fundación para la Producción
FUNDES
GATE Global Impact
Global Alliance for Improved Nutrition
Global Business School Network
Goldman Sachs—10,000 Women Initiative
Grameen Foundation
Grassroots Business Fund
Gray Ghost Ventures
GreaterCapital
GroFin
GVEP International
Haitian Hometown Associations Resource Group
Halloran Philanthropies
IADB - Multilateral Investment Fund
ICCO
I-DEV International
IFMR
IGNIA Partners LLC
ImagineNations Group
Impact Amplifier
InReturn Capital
Instituto Hartmann Regueira
Intellecap
International Finance Corporation
Inveneo
Inversor
Invest2Innovate
Kauffman Foundation
Lang Entrepreneurship Center, Columbia
Business School
Lemelson Foundation**
LGT Venture Philanthropy
Lundin Foundation
Macquarie Infrastructure and Real Assets
Mads Asprem
Mara Foundation
MasterCard Foundation
MasterCard Worldwide**
McKinsey
Media Development Loan Fund
Mercy Corps
Monitor
Monterey Institute of International Studies
Movirtu
Naya Jeevan
NESsT
New Ventures Mexico
New Ventures—WRI
Nexii
Omidyar Network
Open Capital Advisors
OTF Group
Overseas Private Investment Corporation
Oxfam
Partners in Food Solutions
Passport Capital Foundation
Pearl Capital Partners
Pershing Square Foundation
Potencia Ventures**
Pragma Patrimonio
Prince’s Youth Business International
PymeCapital
Renew Strategies
responsibility
Rianta Capital, Artha Initiative
River Star Foundation
Rockefeller Foundation**
Root Capital
Root Change
RTI International
SA Capital Limited
Sandler Trade LLC
Santa Clara Global Social Benefit Incubator
SCOPEinsight
Shared Interest
Shell Foundation
ShoreBank International Ltd.
Skoll Foundation
Small Enterprise Assistance Funds (SEAF)
Stanford University
Stephen Claire Associates
Sustainable Harvest Specialty Coffee Importers
Swisscontact
Synergy Social Ventures
TechnoServe Inc.
Thriive
Tony Elumelu Foundation
TransFarm Africa
TriLinc Global
U.S. Agency for International Development
Universidad de Los Andes
University of Cape Town
VillageReach
Villgro Innovations Foundation
Vox Capital
Voxtra
Walmart
WEOconnect International
William Davidson Institute at the University of Michigan (WDI)
Willow Impact Investors
Yo Emprendedor
Zambian International Trade & Investment Centre

**These foundations provided additional grant funding for 2011.