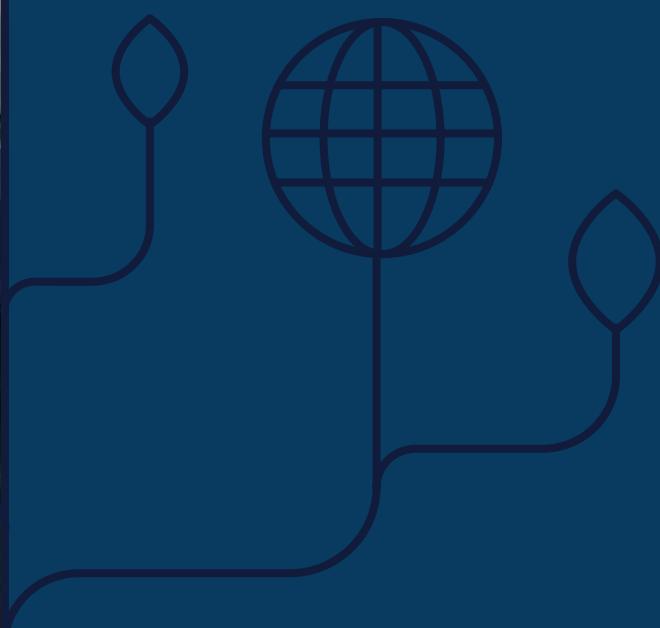




STATE OF THE SMALL & GROWING BUSINESS SECTOR

2016 IMPACT REPORT



 Aspen Network of
Development Entrepreneurs

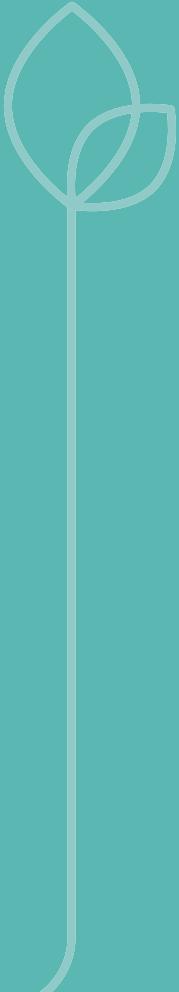


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LETTER FROM THE EXECUTIVE DIRECTOR

Dear ANDE friends and colleagues,

2016 was a year marked by political, environmental and economic changes around the globe. Some of these shifts represent positive news for small and growing businesses (SGBs) while others could undermine the progress the SGB sector has made in recent years, negatively impacting entrepreneurs, communities, and countries.

Let's start with some of the challenges.

THE RISE OF NATIONALISM

ANDE believes that open and fair international trade is a critical component of fostering the growth of SGBs in emerging markets. We also believe that well-designed and implemented development assistance programs can be an important catalyst for long-term private sector development. However, in 2016 the world has seen a sharp rise in protectionist rhetoric and a growing chorus of arguments against international development. In the United States in particular, it seems the presidential administration favors neither trade nor aid.

ANDE believes that supporting entrepreneurship is one of the most sustainable ways to achieve tangible development objectives. Entrepreneurship helps local populations craft their own destiny and develop long-term engines of job creation independent of development aid. This approach should appeal to leaders along the political spectrum. However, recent trends do not suggest widespread support among political leaders. Nevertheless, we may find some solace in the greater global embrace of entrepreneurship and impact investing by the corporate and foundation sectors.

CLIMATE CHANGE DIRECTLY IMPACTS OUR SECTOR

Climate change is happening and is already impacting SGBs in many—mostly negative—ways. The instability of weather patterns impacts agricultural productivity in many emerging markets, warmer waters pose a direct threat to local supply chains of coastal areas, and climate change-related natural disasters threaten entrepreneurial ecosystems that have been decades in the making.

However, there are opportunities for entrepreneurs to help the world adapt to these troubling changes. The clean-energy sector, particularly solar technology, is already growing throughout sub-Saharan Africa and other emerging market regions. SGBs are increasingly helping to market and distribute solar panels and other off-grid energy solutions. Opportunities exist in water, health, sanitation, and other sectors that are also impacted by climate change. As a network, ANDE needs to make more of a concerted effort to promote environmental considerations across our entire membership.



SUSTAINABLE DEVELOPMENT GOALS GAINING TRACTION

On a more positive front, we have seen a significant positive response by the corporate, philanthropic, and public sectors to the adoption of the Sustainable Development Goals (SDGs). The SDGs are a set of 17 “Global Goals” with 169 targets, covering a broad range of sustainable-development issues. They serve as a call to action and a mechanism for building collaboration to address global challenges—including climate change, gender inequality, and poor levels of education, among many others.

ANDE members are joining the collective effort by leveraging the goals to focus their work on specific impact targets and measurement strategies. ANDE believes that SGBs, and especially socially-focused businesses, will be critical players to attaining the SDGs.

MORE ACTORS ON THE GROUND

We are seeing more actors emerge who are interested in promoting small-business entrepreneurship. In 2016, the ANDE network expanded to a total of 260 member organizations who provide critical financial, educational, and business-support services to SGBs. Of the roughly 50 members who joined the network in 2016, half are headquartered in emerging markets. We are excited to see more homegrown organizations joining the global network, as it is evidence of maturing entrepreneurial support service market. More than ever, the development of more entrepreneurial support organizations offers the opportunity for a coordinated approach to cultivate local entrepreneurial ecosystems.

With these trends in mind, I am pleased to present the 2016 State of the Sector Impact Report. This report presents a bird’s-eye view of the SGB sector, and the organizations working to support entrepreneurs in emerging markets. Documenting the growth and dynamics of the SGB sector in the seven years since ANDE’s launch in 2009 is key to demonstrating what ANDE members fundamentally believe to be true: Entrepreneurship has the power to lift countries out of poverty.



Randall Kempner, Executive Director
Aspen Network of Development Entrepreneurs

ABOUT ANDE

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of more than 260 organizations that propel entrepreneurship in emerging markets. ANDE 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

SGBs are commercially viable businesses with between five and 250 employees that have strong potential for growth. Growth is key to this definition, as it is the focus on growth that differentiates SGBs from the broader group of micro, small, and medium enterprises (MSMEs).

Unlike the vast majority of microentrepreneurs, entrepreneurs who start and manage SGBs have ambition to scale. Not only do they create income for their families, but they also have the potential to create jobs for the local economy and increase access to critical goods and services for underserved communities. In contrast to more established, larger enterprises, SGBs often lack access to the financial or knowledge resources they need to grow. Thus, their potential for social impact is not fully tapped.

ABOUT SGB INTERMEDIARIES

Intermediaries include organizations that work directly with SGBs, such as investors and capacity development providers. They also include organizations that support SGBs indirectly, such as development finance institutions, private foundations, and research institutions. Intermediaries assist SGBs on their path to scale, and they tend to focus on the four major challenges that present barriers to growth: access to talent, access to capital, access to markets, and an enabling business environment.

THE SGB SECTOR 2016

In 2016, ANDE grew to 260 members active in 150 countries. Collectively, those members have invested US \$13.4 billion directly into SGBs, and supported over 712,000 SGBs with capacity development services.



ANNUAL ANDE MEMBER SURVEY, IN 2016:¹

62 MEMBERS
SUPPORTED OVER
91,000 SGBs

WITH **\$162 MILLION** IN CAPACITY
DEVELOPMENT SERVICES

45
MEMBERS INVESTED
\$1.9 BILLION
IN OVER 1,715 SGBs

25 MEMBERS DEPLOYED
\$27 MILLION
IN PHILANTHROPIC CAPITAL
TO SGBs AND INTERMEDIARIES

260
MEMBERS
ACTIVE IN **150 COUNTRIES**

THE BROADER LANDSCAPE INCLUDES:

500+ INVESTMENT
VEHICLES

HAVE LAUNCHED IN THE PAST 10
YEARS THAT INVEST IN EMERGING
MARKET SGBs, WITH AN ESTIMATED

\$17 BILLION
IN COMMITTED CAPITAL

\$4.8 BILLION

IN DONOR SUPPORT FOR SME DEVELOPMENT DISBURSED
IN 2015 WHILE US FOUNDATIONS DEPLOYED

\$536 MILLION IN GRANTS
FOCUSED ON ENTREPRENEURSHIP IN DEVELOPING
COUNTRIES BETWEEN 2010 AND 2014

CAPACITY DEVELOPMENT SERVICES

FACILITATING MENTORING AND PEER NETWORKS

ARE THE MOST COMMON CAPACITY
DEVELOPMENT SERVICES



ONGOING RESEARCH SHOWS
INCREASING EVIDENCE THAT
ACCELERATORS
IN EMERGING MARKETS
POSITIVELY IMPACT
PARTICIPANTS' FUTURE REVENUE
& JOB CREATION RATES

RECRUITING, DEVELOPING,
AND RETAINING

TALENT
IS A KEY CHALLENGE
FOR SGBs

CORPORATE PARTNERSHIPS

ARE INCREASINGLY CRITICAL FOR THE SGB SECTOR, AND THE MAJORITY OF THOSE PARTNERSHIPS FOCUS ON THE CORPORATION'S CORE BUSINESS UNIT

OVERVIEW OF CAPACITY DEVELOPMENT

Capacity development services like mentoring, skill-building, and network expansion are a critical component of the SGB sector.

Forty percent of ANDE members identify themselves primarily as capacity development providers. But many investors also provide nonfinancial support. Seventy percent of members reported providing capacity development services, 50 percent of members provided direct funding, and of those, 35 percent provided both.²

Over 60 percent of members provide capacity development services by facilitating mentor and peer networks. These are the two most common ways to deliver services, followed by direct consulting and training sessions.

The average cost of these capacity development services per business was just over US \$8,000. Among organizations that served more than 50 SGBs in 2016, the cost was about US \$4,000. For organizations that served 50 businesses or less, the cost was around US \$13,000 per business.

CORPORATE ENGAGEMENT

Corporations are playing an increasingly important role in the SGB sector. They see SGBs as potential customers, suppliers, or sources of innovation. Corporate foundations are important funders in the sector, and corporate social responsibility units often facilitate important capacity development services.

In 2016, corporations that are ANDE members granted over US \$31.5 million to SGB intermediaries according to our survey³. And 36 percent of non-corporate members engaged with corporations.

FIGURE 1

The most common form of engagement with corporate partners is through a core business unit

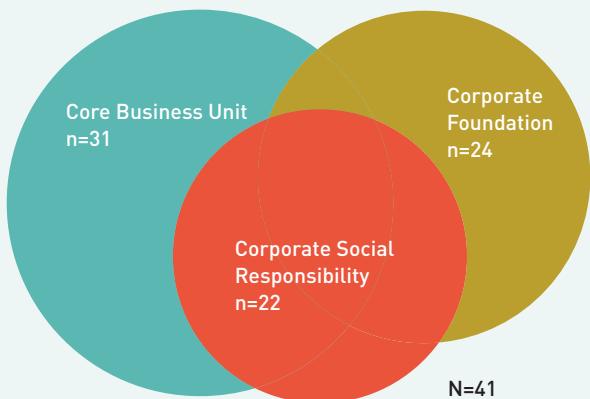


FIGURE 2

ANDE members most often report facilitating business relationships between SGBs and corporations



TABLE 1

ANDE Members' Most Active Corporate Partners

| |
|-----------------------|
| Barclays |
| Coca-Cola |
| Danone |
| MasterCard Foundation |
| SAP SE |
| Walmart |
| Unilever |



WE BELIEVE THE PRIVATE SECTOR PLAYS A VITAL ROLE IN CREATING A LEVEL PLAYING FIELD, DRIVING INNOVATION AND BUILDING AN ENVIRONMENT THAT ENHANCES EDUCATION AND ENTREPRENEURSHIP TO FOSTER ECONOMIC GROWTH.

— SAP SE

CASE STUDIES: SGBs AND CORPORATE SUPPLY CHAINS

Property Point: Supply Chain Development in the Property Sector

Property Point is a supplier-development program that incubates SMEs in the property sector in South Africa. In 2014, Property Point launched a partnership with Attacq, a commercial real estate developer, to help SGBs integrate into the supply chains of major construction companies. Property Point works with small and black-owned businesses by offering training and connections to key industry partners, including Attacq, Growthpoint and others. The program seeks to help SGB teams to build skills, credibility and a track record, which allow the small businesses to build their book of business and to become more attractive to local banks and other investors.

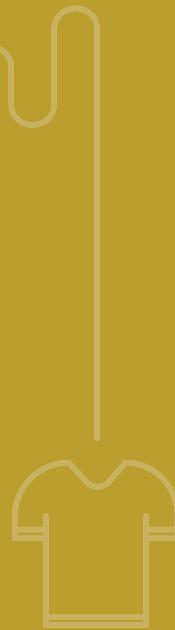
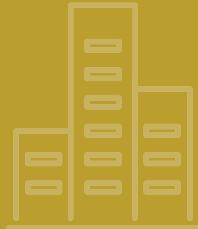
Property Point is itself an initiative of a competitor, GrowthPoint, the largest publicly listed property company in South Africa. This pre-competitive collaboration benefits the entire industry.

I-DEV International: Apparel Supply Chains

I-DEV partnered with Eileen Fisher and Indigenous Designs, two US-based apparel companies, to identify opportunities to strengthen emerging market supply chains, as well as create greater social impact for their SGB suppliers.

I-DEV led in-field focus groups with two SGB smallholder alpaca wool and cotton suppliers to identify worker needs and potential benefits that apparel companies such as Eileen Fisher and Indigenous Designs could offer to dedicated and reliable suppliers. These secondary benefits, which are granted based on individual supplier performance, are designed to increase producer loyalty—a significant and ongoing concern among buyers and for SGBs—and improve the livelihoods of producers, for example, by offering them access to health care services, discounted school supplies for their children, microloans and other benefits.

The final concept for Secondary Benefit Programs (SBPs) provides a clear framework for global corporations to maximize business value and create more systemic, scalable impact. I-DEV is currently partnering with three other global corporations to implement pilots across sectors, including agriculture and apparel.



ACCELERATION

Within the diverse landscape of capacity development service providers, accelerators emerge as one model with a consistent program design. These are time-bound programs that work with cohort of entrepreneurs, and typically focus on connections to investors. In 2016, the Global Accelerator Learning Initiative (GALI) conducted a global survey of accelerators to better understand their structures and compare programs across countries.⁴ The survey showed that:

Emerging market programs are longer: Twenty-seven percent of high-income country accelerators last less than three months compared to just 7 percent of the emerging market accelerators.

The pool of applicants is smaller in emerging markets. All accelerators are selective. But accelerators based in emerging markets have a higher acceptance rate: 13 percent compared to 6 percent. They also have a lower number of applicants per cohort, with a median of 50 compared to 123 in higher income countries.

Revenue sources are different. Revenue streams are diverse across the board — over 40 percent of survey respondents report three or more revenue sources. 41 percent of emerging market based accelerators use philanthropic funding as a major source of revenue, compared to 28 percent in high-income countries. In high-income countries, “investor fees” is the second most common major revenue source (20 percent versus 7 percent).

Focus on fundraising differs. Ninety-five percent of accelerators headquartered in developed markets offer an investor “demo day,” compared to 86 percent of those in emerging markets. 73 percent of developed market accelerators guarantee some direct investment, compared to 64 percent of emerging market accelerators. The median amount invested into portfolio companies by emerging market accelerators was US \$45,000 compared to US \$215,000 by those in high-income countries.

TALENT

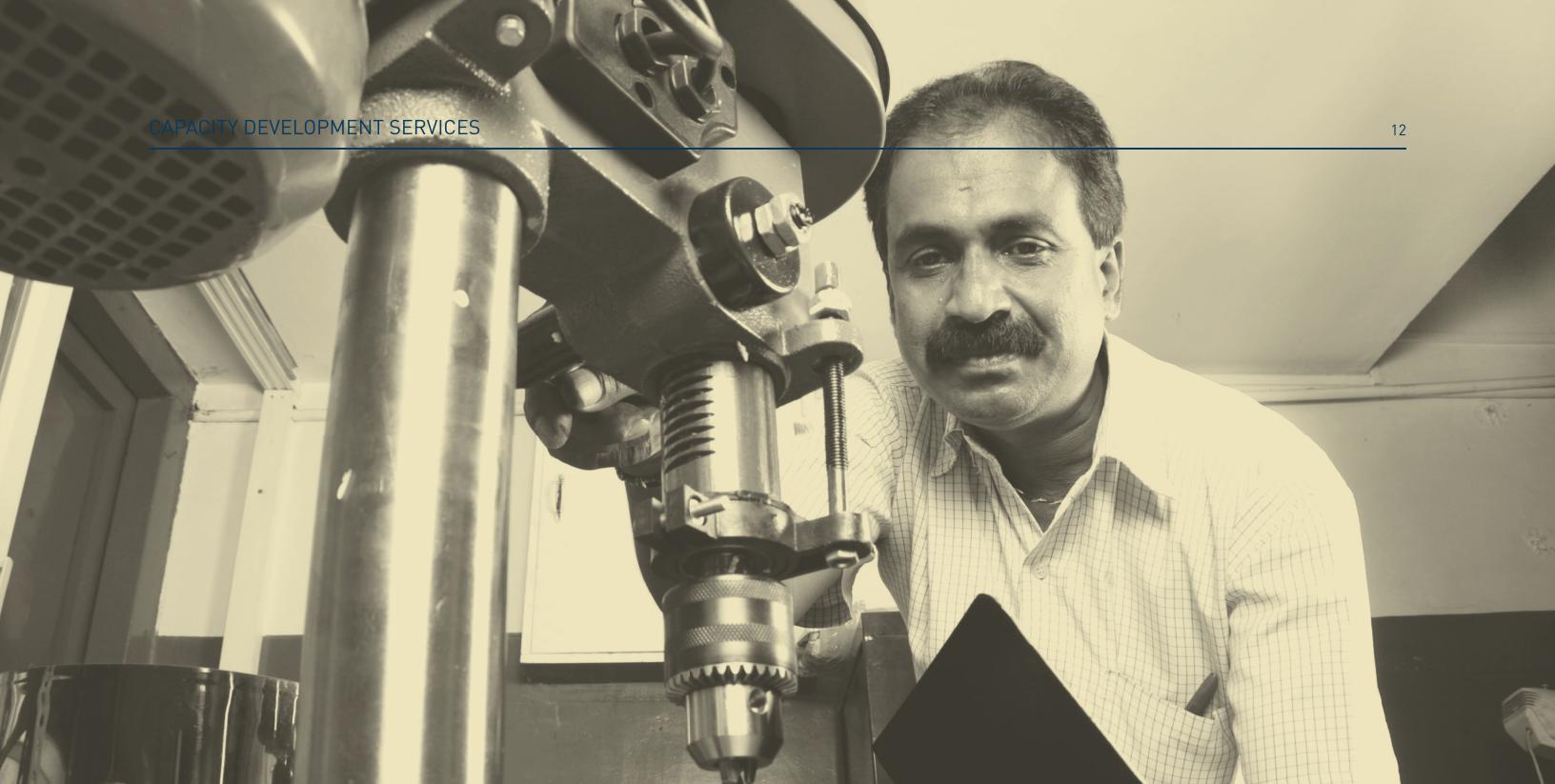
Finding talented managers is a critical challenge for entrepreneurs everywhere, but it is especially difficult in emerging markets.

To help overcome this hurdle, the Argidius Foundation and ANDE launched the Argidius-ANDE Talent Challenge to help identify, attract, and retain middle- and senior-level managers prepared to guide these dynamic firms. In 2016, five winners were announced and projects began.

The Amani Institute is implementing a new leadership-development initiative to build skills of SGB managers in East Africa.

Creative Metier is developing the executive coaching market in Kenya by working with leading Kenyan executive coaches to support SGB senior leaders as well as training local coaching firms to provide ongoing coaching to small and growing businesses.

Open Capital Advisors is offering diagnostics, tools, and consulting services to SGBs in order to improve the entire spectrum of their talent strategy: pre-hire planning, hiring, and post-hire talent management.



ANDE MEMBERS CONNECTING INDIAN INCUBATORS WITH CORPORATIONS

CASE STUDY: GIZ-SAMHITA-VILLGRO ALLIANCE

Incubators play a critical role in nurturing SGBs. Although there are an estimated 200 incubators in India, rapid growth in the number of start-ups has fueled a greater demand for incubator support with estimates placing the demand at 1000 incubators by 2020. The business of incubation is not an easy task: beyond helping start-ups build sustainable business models, incubators share tangible and intangible resources like equipment; office space and laboratories; accounting, computing, and legal services; and provide mentoring to help SGBs build capacity and raise funds.

In 2016, GIZ (The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH), Samhita Social Ventures, and Villgro Innovations Foundation joined forces to engender corporate support to incubators in India. Through this partnership, GIZ, Samhita, and Villgro seek to address gaps in the Indian incubation ecosystem such as limited domestic capital and insufficient support for SGBs. The project aims to facilitate partnerships between companies and incubators by means of match-making and leveraging the right resources to strengthen the SGB support ecosystem.

Since August 2016, the alliance has been engaging with more than 50 corporations and 35 incubators across India. Samhita and Villgro actively work with these corporates and incubators to enable conversations, explore engagements and foster partnerships. Convenings between these corporates and incubators have also been organized in Mumbai and Delhi. As part of the initiative, the alliance has been conducting capacity development workshops for incubators in India on a variety of incubator-related topics.

Participating in this platform provides corporates with access to innovative technologies and products, new markets, and potential business partners. Corporate support in the form of financial and non-financial support will in turn help build the capacity and efficiency of existing incubators and directly impact SGBs by giving them the support needed to successfully get off the ground.



Shortlist is dramatically improving how job seekers identify career opportunities and how small and growing businesses source and screen talent by combining a suite of digital tools that lead to a lower cost yet more effective recruitment process.

Village Capital is developing a comprehensive talent roadmap for SGBs by creating an open-source curriculum on recruitment; training SGBs with a newly developed talent guide; and connecting communities with job opportunities in multiple regions.

WHY FOCUS ON TALENT?

Human capital is directly related to access to financial capital: “Among the investors who singled out particular countries as having higher risk levels, they often pointed to something about the founding team (like being less committed or experienced), or about available talent generally (like the availability of business acumen and management skills).”
— Accelerating Startups in Emerging Markets

Strong human-capital management is related to impact. In a study that found poor outcomes for low-skill workers who took factory jobs, “one unexpected lesson is that companies need better middle management. The factory owners and investors told us that high turnover was their biggest concern and that finding good managers to reduce it was their biggest headache... ‘Better human resource management’ is not the sexiest economic development strategy, but it is definitely an effective one.”

— Chris Blattman and Stefan Dercon, The New York Times, April 27, 2017

Human capital strategy is the one element that remains a challenge over time for SGBs. “While fundraising and all other challenges get easier, finding and keeping the right talent is the only challenge that gets tougher. 45 percent of later-stage entrepreneurs find accessing talent to be very or extremely challenging, up from 25 percent of early-stage entrepreneurs.”
— Rippleworks “The Human Capital Crisis: How Social Enterprises Can Find the Talent to Scale,” 2016

PARTNERING TO ADDRESS THE TALENT GAP IN EAST AFRICA

Research across the globe has shown that students are graduating from universities without the skills needed for employment. The problem is particularly acute in Africa, which does not have a single university listed in the top 150 on the Global Employability University Ranking. In Kenya, according to the Inter-University Council of East Africa, only half of university graduates are ready for the job market.

In September 2016, several ANDE members convened a career fair to address this issue. This Talent Academy consisted of a series of trainings and workshops to prepare students to pursue a career in the SGB sector. Students learned about the sector, and the basics of networking and interviews.

Several ANDE members have missions centered around addressing the talent gap in East Africa. By partnering to address this critical need in the regional entrepreneurship ecosystem, the African Management Initiative, Amani Institute, Open Capital Advisors, Shortlist, Spire Education, Village Capital and other ANDE members are leveraging their influence and resources.

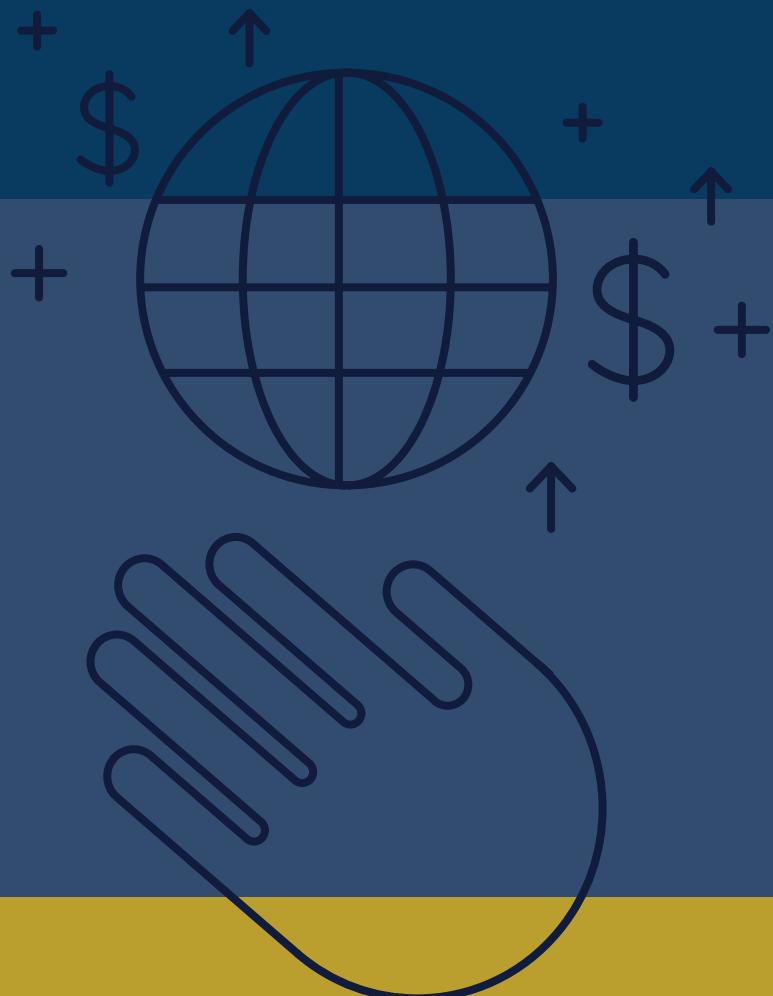
SGB INVESTING

523

INVESTMENT VEHICLES

HAVE LAUNCHED IN THE PAST 10 YEARS
THAT INVEST IN EMERGING MARKET SGBs
WITH AN ESTIMATED

\$28 BILLION IN COMMITTED
CAPITAL



53

INVESTMENT VEHICLES
LAUNCHED IN 2016,
AND RAISED OVER

\$2.7 BILLION

IN COMMITTED CAPITAL

ACCORDING TO THE EMERGING MARKET
PRIVATE EQUITY ASSOCIATION (EMPEA),

\$278M

WAS INVESTED IN EMERGING MARKET
DEALS \$2M AND UNDER IN 2016

THIS REPRESENTS

28%

OF TOTAL
EMERGING MARKET
DEALS IN 2016

THE GROWTH IN SMALLER, EARLIER-STAGE
INVESTMENTS HAS LIKELY BEEN DRIVEN
BY INVESTMENTS IN THE TECH SECTOR

IN LATIN AMERICA,
FOR EXAMPLE,

75%

OF THE DEALS
\$1 MILLION AND UNDER
WERE IN TECH,
ACCORDING TO LAVCA

FUNDRAISING IN 2016

Fundraising for emerging market private capital as a whole declined 9 percent in 2016 to US \$44 billion. Emerging market venture capital fundraising, on the other hand, grew 18 percent to just under US \$10 billion, the vast majority of which was raised for investment in Asia.

FIGURE 3

In the SGB sector, 53 new investment vehicles launched in 2016 with a median target AUM of US \$38 million in 2016, down from US \$45 million in 2015.

■ Vehicles Launched
— Median Target

Source: ANDE Research



DEALS UNDER US \$2M DECLINE FOR THE FIRST TIME IN 5 YEARS

According to data collected by EMPEA, total capital invested in emerging market deals US \$2 million and under fell by 9 percent in 2016, to US \$278 million. However, with the overall slowdown in the capital invested, this represented 28 percent of the number of deals. In fact, the percentage of deals under US \$2 million rose for the third consecutive year, and is a significant increase from only 13 percent in 2011.

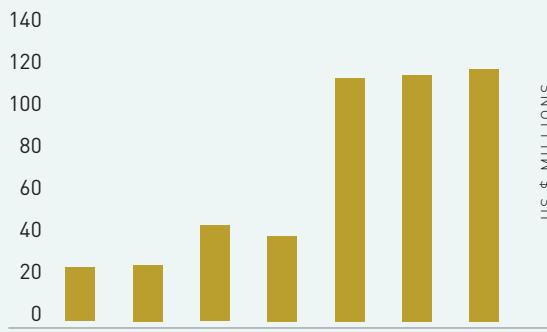
FIGURE 4

Total capital invested in emerging market deals under US \$2 millions decreases while the proportion of total deals increases.



FIGURE 5

In Latin America, the increase in the number of deals US \$1 million and under since 2014 has held steady. In 2016, 75 percent of those deals were in the tech sector.



Source: EMPEA

Source: LAVCA

INVESTMENT TRENDS IN THE PAST DECADE

By comparing investment vehicles that launched in the past five years (2012-2016) to the previous five (2007-2011) we found a few key shifts:

More focus on Asia: Over the past five years, the percentage of vehicles focused in South Asia have increased to 35 percent, compared to 22 percent in the previous five years. Meanwhile, investment vehicles focused in sub-Saharan Africa now only make up a quarter of vehicles, compared to 37 percent from 2007 to 2011.

More focus on health and financial services: Nearly a quarter of investment vehicles that launched in the last five years focus on financial services compared to 16 percent from 2007 to 2011. There was also an increase in the focus health sectors. However, investor interest in water and other environmental sectors seems to be declining.

Agriculture focus also increased: More than a quarter of investment vehicles that launched in the past five years focus on agriculture. One analysis from the Initiative for Smallholder Finance identified 80 impact-oriented agribusiness funds with approximately USD 19 billion in capital⁵. Of that, an estimated US \$1.85 billion is managed by funds that likely target SGBs.

More focus on the seed stage: Forty-two percent of newly launched vehicles are willing to consider seed-stage ventures, compared to 18 percent from 2007 to 2011. However, the minimum deal size that vehicles consider has not shifted downwards. The median for vehicles launched between 2012 and 2016 was US \$250,000, the same as the previous five years.

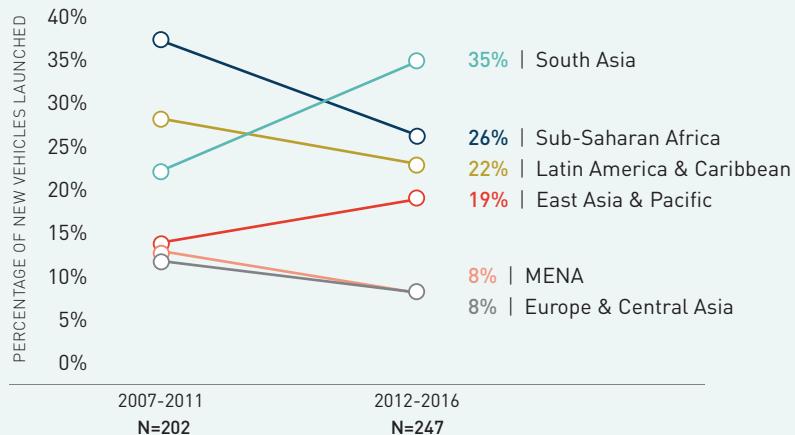
TABLE 2

Agriculture and Health Now
Top Sectors of Focus

| | VEHICLES LAUNCHED IN | 2007-2011 | 2012-2016 |
|---|----------------------|------------|------------|
|  | Agriculture | 21% | 27% |
|  | Health | 22% | 27% |
|  | ICT | 30% | 26% |
|  | Financial Services | 16% | 24% |
|  | Education | 13% | 18% |
|  | Energy | 12% | 15% |
|  | Water | 8% | 4% |
|  | Environment | 11% | 3% |

FIGURE 6

Asia Focus Dominates Among New Investment Vehicles Launched



NOTE ON THE METHODOLOGY

ANDE compiled the data in this section by surveying current ANDE members, collecting public information from other fund managers, and by partnering with external data collectors. Partners include the Global Impact Investing Network's (GIIN) ImpactBase, the Emerging Markets Private Equity Association (EMPEA), and the Latin American Private Equity and Venture Capital Association (LAVCA). Funds qualified for inclusion in this dataset when they met three criteria: the investment target included emerging market countries; target deal sizes were from US \$20,000 to US \$2 million; and the focus was not exclusively on microfinance institutions.



IS INVESTING IN WOMEN ALL TALK?

Seventy percent of women-owned small businesses in the developing world lack financing—an estimated US \$285 billion credit gap⁶.

Gender lens investing is the broader practice of investing while also considering the benefits to women. This includes but is not limited to investing in women-owned businesses. There seems considerable interest in gender lens investing, but has that interest resulted in any action?

The good news: SGB investors with an explicit focus on gender doubled compared to the previous five years.

The bad news: It doubled from 1 percent of all vehicles to 2 percent.

S&P Global is taking this gap seriously. In 2016, S&P Global sponsored ANDE's Catalyst

Fund Award through ANDE to support innovative solutions in data and technology that break down barriers for women seeking capital and resources.

Winning projects included:

El Buen Socio and Value for Women's project to test the effectiveness of a psychometric scoring process for borrowers in order to even the playing field for women;

Exclude's Gender Benchmarking Tool, which combines a scorecard assessment of performance with a graphical analysis of women entrepreneurs' practices;

Kiva's project to leverage existing data to create new insights about women entrepreneurship and their access to capital.

DONOR & FOUNDATION FUNDING FOR THE SGB SECTOR

FUNDING TO THE SME SECTOR ROSE
DRAMATICALLY FROM US \$2.4 BILLION
IN 2013 TO US \$4.7 BILLION IN 2014

IN 2015, THE AMOUNT OF DONOR
DISBURSEMENTS INCREASED TO

\$4.8B



THIS GROWTH IS DUE TO EUROPEAN
INSTITUTIONS, WHICH MADE UP

80% OF ALL DONOR
DISBURSEMENTS
TO SMEs IN 2015

IN 2015
TURKEY
RECEIVED THE MOST
SME FUNDING FOR THE
THIRD CONSECUTIVE YEAR

BETWEEN 2010 AND 2014,
US FOUNDATIONS GAVE

\$536 M

↗ IN
ALMOST

3,000 GRANTS
FOCUSED ON ENTREPRENEURSHIP OR SOCIAL
ENTERPRISE IN DEVELOPING COUNTRIES

DONOR SUPPORT FOR SMEs & ENTREPRENEURSHIP

In previous years, we voiced concern over the continually declining amount of funding going to the SME sector. However, the latest data indicate that funding to the SME sector nearly doubled in 2014. Disbursements went from US \$2.4 billion to US \$4.7 billion from 2013 to 2014, and reached US \$4.8 billion in 2015.

The sudden increase in funding for SMEs in 2014 led to a sharp increase in the percent of total donor disbursements given to SMEs to over 2 percent, the highest rate in the history of this dataset. Unfortunately, in 2015 this rate decreased back to pre-2014 levels.

The percentage of donor funding for entrepreneurship saw a similar trend, though the spike in 2014 was less pronounced. Only 0.18 percent of total disbursements were focused on entrepreneurship, the lowest percentage since we have been tracking this data.

FIGURE 7

SME-related Donor Disbursements Rebound in 2014 and Reach US \$4.8 billion in 2015



Source: OECD Creditor Reporting System, ANDE Analysis

FIGURE 8

2014 Spike in Percentage of Total Donor Disbursements for SMEs, While Entrepreneurship Hits a New Low in 2015



Source: OECD Creditor Reporting System, ANDE Analysis

NOTE ON METHODOLOGY

Data presented in this section comes from ANDE analysis of the Organization for Economic Cooperation and Development (OECD) Creditor Reporting System, a database of commitments and disbursements made by donor countries and multilateral institutions in 2014 USD. Unfortunately, the OECD survey instrument does not allow for users to directly classify their programs as related to entrepreneurship.

To develop an estimate, ANDE searched the database for key words and codes that most likely relate to the SGB sector, specifically: entrepreneur, SME, small business, small enterprise, and small and growing business. Any disbursement that was a positive match with any of the terms above was categorized as "SME-related." Those that matched "entrepreneur" were categorized as "entrepreneurship-specific." We aggregated disbursement amounts for all donors in the database, and we included both overseas development assistance and other official flows. Working with this existing database, ANDE likely underestimates donor support for SMEs, but we have opted to risk-undercounting to ensure that there are no disbursements mistakenly counted. This methodology was refined in 2017 to include more SME-related search terms, and to remove "start-up" from the criteria, as it was falsely categorizing some disbursements.

ANDE is working with the OECD and other data aggregators to improve the available data for tracking donor support to emerging market entrepreneurs.

WHERE THE FUNDING FLOWS

European countries and institutions are indisputably the largest donors to SMEs; in 2015 they contributed over 80 percent of all funding for the sector, totaling over US \$3.8 billion. In fact, the sharp increase of funding for SMEs from 2013 to 2014 can almost entirely be explained by European Union Institutions, which increased funding from US \$1.1 billion in 2013 to US \$2.1 billion in 2014.

US FOUNDATIONS

Private philanthropic support is key for the SGB sector: in 2014, the value of grants from US foundations was equivalent to 14 percent of total grant disbursements from bilateral and multilateral donors. If donor funding declines as a result of the global rise of nationalism, private philanthropic support will become even more important, especially for capacity development providers.

FIGURE 9

80 percent of Funding for SMEs Comes from European Countries and Institutions

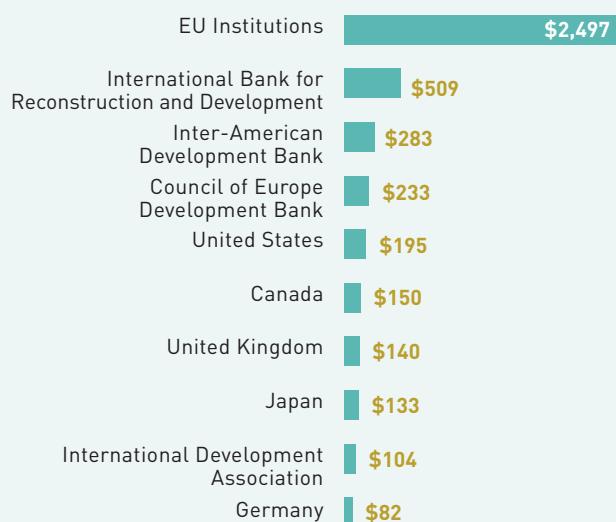


FIGURE 10

From 2010 to 2014, Foundations Gave US \$536 million in Nearly 3,000 Grants to Entrepreneurship



Source: Foundation Center, ANDE Analysis

Source: OECD Creditor Reporting System, ANDE Analysis

NOTE ON THE METHODOLOGY

ANDE searched the Foundation Center database on grants awarded by 1,000 of the largest US independent, corporate, community, and grant-making operating foundations. This analysis aggregates data on grants made between 2010 and 2014 (the latest year with complete coverage) from three searches that met the following criteria:

1. **Recipient Type:** International Development, and Subject: Entrepreneurship,
2. **Subject:** Entrepreneurship AND Developing Countries, and
3. **Subject:** Social Enterprise AND Developing Countries.

FOUNDATIONS PARTNERING TO SUPPORT SGBs IN BRAZIL

In Brazil, 'Foundations and Institutes for Impact' is a recently established investment initiative designed to test different impact-investment mechanisms. The idea came out of a Brazilian Social Finance Taskforce Innovation Lab, an initiative led by the Institute of Entrepreneurial Citizenship (ICE) and SITAWI. Of the 15 recommendations released by the task force, the need to attract more philanthropic capital to support social businesses emerged as a key strategy. As a result, 21 organizations committed to invest US \$10,000, with the pooled funds managed and invested by specialist intermediaries who will work with project participants to document progress, results, and learning. The funds are split among debt, loan guarantees, and crowdfunded equity, allowing learning from different types of investment mechanisms.

Another way foundations are actively working to support Brazilian SGBs is by partnering with capacity development providers to run programs that support entrepreneurs in building and managing their businesses. Semente Negócios, a local capacity development provider, has already partnered with three local foundations to help them create and coordinate programs related to education start-ups, youth entrepreneurship, and health-conscious food companies.



REGIONAL INSIGHT

By the end of 2016, ANDE had grown to twelve regional chapter staff in each of our seven regional chapters. These regional chapters enable ANDE members to collaborate and strengthen local entrepreneurial ecosystems. Each local context is distinct, and presents diverse areas of opportunity.



- 📍 ANDE STAFF PRESENCE
- 🟡 HEADQUARTERED IN THE REGION
- 🟢 ENGAGED IN THE REGION

BRAZIL

ANDE CHAPTER
SNAPSHOT 2016

11 MEMBERS BASED
IN BRAZIL

40 WITH STAFF IN
THE COUNTRY

95 INTERESTED
IN THE REGION

BENCHMARKING ENTREPRENEURSHIP



3

SMEs PER
1,000 PEOPLE → 52,044
TOTAL

Source: MSME Country Indicators 2014



98th

ON THE GLOBAL ENTREPRENEURSHIP
DEVELOPMENT INDEX

Source: MSME Country Indicators 2015



1

MOTIVATION
INDEX = OPPORTUNITY
DRIVEN ENTREPRENEURS / NECESSITY
DRIVEN ENTREPRENEURS

Source: 2017 Global Entrepreneurship Index Data



50%
24th

OF BUSINESS HAVE AT LEAST ONE
WOMAN OWNER

Source: GEM Adult Population Survey



77%

SEE ENTREPRENEURSHIP
AS GOOD CAREER CHOICE

Source: GEM Adult Population Survey (APS)

CHALLENGES AND OPPORTUNITIES

TOP BUSINESS ENVIRONMENT OBSTACLE:
34% OF FIRMS LISTED
TAX RATES

Source: World Bank Enterprise Surveys

TOP CHALLENGES THAT SGBs FACE ARE:
36% GOVERNMENT
REGULATIONS & POLICIES
ACCESS TO CAPITAL 32%
27% ACCESS TO MARKETS

Source: ANDE Member Survey 2016

SÃO PAULO IS HOME TO
1,600-2,900
ACTIVE TECH STARTUPS
14% OF THESE HAVE WOMEN ON THE FOUNDING TEAM



0.2% OF BRAZILIANS ENTREPRENEURS ARE
INVOLVED WITH SOCIAL ENTREPRENEURSHIP
ACTIVITY IN THE START-UP PHASE
COMPARED TO **1.5%** IN THE POST-START-UP
OPERATIONAL PHASE

Source: Global Entrepreneur Monitor



IMPACT INVESTING TRENDS IN BRAZIL

According to the 2016 edition of the report, *The Impact Investing Landscape in Latin America*:

- 1. Impact investing grew, but at a slower pace than expected.** Between 2014 and 2016, the number of active impact investors in the country increased from 20 to 29. In 2014 and 2015, impact investors in Brazil invested US \$69 million in 48 deals.
- 2. Education, health care and financial Services were the top sectors.** However, agriculture has recently emerged as well. In 2014 to 2015 it was the top sector for impact investments in the country, with total capital invested of US \$31 million.
- 3. Gap in early-stage investing.** Many players pointed out the need for more seed-stage investments, and hope that angel investors will pivot towards impact investing to provide that risk capital.
- 4. The economic crisis did not deter investors.** Brazilian investors were optimistic. They expected to raise US \$269 million in 2016 alone. But the economic crisis and unproven results from impact investments have made collaboration among industry players more necessary than ever.



ACCELERATING HEALTH IMPROVEMENTS FOR THE POOREST IN BRAZIL

CASE STUDY: ARTEMISIA AND INSTITUTO SABIN

In 2017, the social startup accelerator Artemisia is partnering with Instituto Sabin, a corporate institute committed to supporting social entrepreneurship in the health sector. Together, they co-created the Artemisia Lab: Saúde e Bem-Estar ("Health and Wellness") to strengthen startups that focus on disease prevention and promotion of health and well-being, and that intentionally target low income individuals.

Artemisia and Instituto Sabin have partnered for several years, but this collaboration represents more direct engagement to combine Artemisia's acceleration expertise with Instituto Sabin's deep knowledge of the health sector. The program initially aims to support 18 businesses, ultimately to foster a new generation of impact entrepreneurs in the health sector and improve health outcomes for millions of Brazilians.



CENTRAL AMERICA & MEXICO

ANDE CHAPTER
SNAPSHOT 2016

14 MEMBERS BASED
IN CAM

64 WITH STAFF IN
THE COUNTRY

105 INTERESTED
IN THE REGION

BENCHMARKING ENTREPRENEURSHIP



SMEs PER 1,000 PEOPLE → **31,155** TOTAL

Source: MSME Country Indicators 2014



ON THE GLOBAL ENTREPRENEURSHIP DEVELOPMENT INDEX

Source: MSME Country Indicators 2015



MOTIVATION INDEX OPPORTUNITY DRIVEN ENTREPRENEURS / NECESSITY DRIVEN ENTREPRENEURS

Source: 2017 Global Entrepreneurship Index Data



OF BUSINESS HAVE AT LEAST ONE WOMAN OWNER

Source: GEM Adult Population Survey



SEE ENTREPRENEURSHIP AS GOOD CAREER CHOICE

Source: GEM Adult Population Survey (APS)

CR – Costa Rica | GT – Guatemala | HN – Honduras | MX – Mexico | NA – Nicaragua | PA – Panama | SV – El Salvador

CHALLENGES AND OPPORTUNITIES

The top obstacle in the business environment varies by country

MEXICO
16% PRACTICES OF THE INFORMAL SECTOR

HONDURAS
20% POLITICAL INSTABILITY

COSTA RICA
26% ACCESS TO FINANCE

NICARAGUA
24% ELECTRICITY

PANAMA
33% CORRUPTION

GUATEMALA
CRIME, THEFT & DISORDER

21%

EL SALVADOR
29%

Source: World Bank Enterprise Surveys, 2010

TOP CHALLENGES THAT SGBs FACE ARE:

68% ACCESS TO CAPITAL

ACCESS TO MARKETS 50%

39% ACCESS TO INFORMATION, EXPERTISE, OR EXPERIENCE

Source: ANDE Member Survey 2016

**MEXICO CITY HAS
350-650 ACTIVE TECH STARTUPS
16% LED BY WOMEN FOUNDERS**

Source: Startup Genome 2017

TRENDS IN CENTRAL AMERICA/MEXICO

IMPACT INVESTING

48 firms have made impact investments in Mexico, while 16 investors have done deals in Central America.⁷ Mexico-based investors manage nearly US \$400 million in assets under management, and Mexico City is an important hub for impact investing in the region. Mexico is the second country in Latin America to launch a National Advisory Board, led by Rodrigo Villar of New Ventures, which will provide a platform for local advocacy and collaborative action to promote impact investing.

ENTREPRENEURSHIP AND GENDER

Women are still underfinanced compared to men. For example, 41 percent of Latin American impact investors had not invested in any companies with women on the founding team. A recent report on accelerators in Mexico found ventures led by women were four times less likely to have raised equity than ventures with all-male teams.⁸

In 2016, Value for Women, Agora Partnerships, and Oxfam promoted an exchange program in Central America to develop a toolkit to engage men in economic-empowerment programs for women entrepreneurs in the region. Lack of support from family and male collaborators is a key challenge that women entrepreneurs face, and engagement from men can help reduce that barrier.

CORPORATIONS

The role of corporations in Mexico is gaining relevance as they are not only supporting programs and organizations that work with SGBs, but also designing and implementing inclusive value chains across sectors. For example, FUNDES and GIZ are leading a study on systematizing value chains in order to disseminate their best practices with the ecosystem.

⁷ Impact Investing Landscape in Latin America LGT Impact Ventures and LAVCA, "The Impact Investing Landscape in Latin America," 2016.

⁸ Global Accelerator Learning Initiative, "Initial data from Mexican startups," 2017.



EAST AFRICA

ANDE CHAPTER
SNAPSHOT 2016

21 MEMBERS BASED
IN EAST AFRICA

107 WITH STAFF IN
THE COUNTRY

159 INTERESTED
IN THE REGION

BENCHMARKING ENTREPRENEURSHIP



SMEs PER
1,000 PEOPLE → **9,061**
TOTAL

Source: MSME Country Indicators 2014

103th ON THE GLOBAL ENTREPRENEURSHIP
DEVELOPMENT INDEX

Source: MSME Country Indicators 2015

MOTIVATION INDEX OPPORTUNITY DRIVEN ENTREPRENEURS NECESSITY DRIVEN ENTREPRENEURS

Source: 2017 Global Entrepreneurship Index Data

49% OF BUSINESS HAVE AT LEAST ONE WOMAN OWNER

Source: GEM Adult Population Survey

88% SEE ENTREPRENEURSHIP AS GOOD CAREER CHOICE

Source: GEM Adult Population Survey (APS)

BI – Burundi | ET – Ethiopia | KE – Kenya | RW – Rwanda | TZ – Tanzania | UG – Uganda

CHALLENGES AND OPPORTUNITIES

THE TOP OBSTACLE IN THE BUSINESS ENVIRONMENT VARIES BY COUNTRY

ETHIOPIA

40% ACCESS TO FINANCE

TANZANIA

38% ACCESS TO FINANCE

KENYA

24% PRACTICES OF THE INFORMAL SECTOR

BURUNDI

30% TAX RATES

RWANDA

23% ACCESS TO FINANCE

UGANDA

23% ELECTRICITY

Source: World Bank Enterprise Surveys, multiple years

TOP CHALLENGES THAT SGBs FACE ARE:

57% ACCESS TO CAPITAL

ACCESS TO INFORMATION,
EXPERTISE, OR EXPERIENCE **52%**

49% ACCESS TO TALENT

Source: ANDE Member Survey 2016





ENTREPRENEURSHIP TRENDS IN EAST AFRICA

According to the East Africa Chapter Steering Committee, here are entrepreneurship trends in East Africa:

1. Key Sectors in 2016:

- Fintech took off in 2016.
- Interest in the off-grid sector, specifically solar energy, continued to grow in the region thanks to the widespread adoption of mobile money, which enables pay-as-you-go systems in remote communities.
- There is an emerging interest in the logistics and distribution sector.

2. Improving quality of early-stage ventures.

Leaders in the region note that entrepreneurs seem better equipped for the challenges of early-stage ventures than in previous years.

3. More investors supporting early-stage ventures.

The pool of investors in the region has grown, providing more options for social businesses. Investors are also more willing to invest in early-stage businesses.

4. Looking beyond Kenya.

Companies expanding to East Africa are choosing to set up in markets besides Kenya, where cities are less expensive and less crowded. Moving to less competitive markets makes it easier for the new entrants to fundraise.

5. Access to finance for SGBs will be a challenge in 2017.

The Interest Rates Cap Regulation implemented by the Central Bank of Kenya in September 2016 is already hindering lending. In Tanzania, uncertainty of the political climate also discouraged investors.

INDIA

ANDE CHAPTER
SNAPSHOT 2016

12 MEMBERS BASED
IN INDIA

69 WITH STAFF IN
THE COUNTRY

113 INTERESTED
IN THE REGION

BENCHMARKING ENTREPRENEURSHIP



0

SMEs PER
1,000 PEOPLE → 79,000 TOTAL
COMPARED TO 1.5 M MICROENTERPRISES

Source: IFC – MSME Country Indicators, 2007



69th

ON THE GLOBAL ENTREPRENEURSHIP
DEVELOPMENT INDEX

Source: MSME Country Indicators 2015



1.2

MOTIVATION INDEX OPPORTUNITY > NECESSITY
DRIVEN ENTREPRENEURS DRIVEN ENTREPRENEURS

Source: 2017 Global Entrepreneurship Index Data



11 %

OF BUSINESS HAVE AT LEAST ONE
WOMAN OWNER

Source: GEM Adult Population Survey



44 %

SEE ENTREPRENEURSHIP
AS GOOD CAREER CHOICE

Source: GEM Adult Population Survey (APS)

CHALLENGES AND OPPORTUNITIES

5% EXPECTATION OF
HIGH JOB GROWTH

Source: Global Entrepreneurship Monitor, 2016

TOP CHALLENGES THAT SGBs FACE ARE:

86% ACCESS TO MARKETS

ACCESS TO TALENT 71%

71% ACCESS TO CAPITAL

Source: ANDE Member Survey 2016

IN BANGALORE THERE ARE
1,800-2,300 ACTIVE TECH
STARTUPS

ONLY 10% ARE LED BY WOMEN FOUNDERS
STARTUP GENOME RANKED BANGALORE #20 GLOBALLY

Source: Startup Genome 2017

79,000 SMEs COMPARED TO
1.5 MILLION MICROENTERPRISES

Source: IFC – MSME Country Indicators, 2007

ENTREPRENEURSHIP TRENDS IN INDIA

- 1. Corporates are becoming active.** Corporates are joining the start-up playing field that has so far been dominated by angel investors, incubators, and venture capitalists.
- 2. Heavy digitization.** While the push to go cashless has not had a positive impact on India's largely informal rural societies, SGBs in India are rising to the occasion to integrate digital payments in the lives of people in rural India and accelerate market linkages and knowledge through ICT.
- 3. Increasing support to start-up incubation and acceleration.** More corporate and government investments are moving into the accelerator market to take advantage of India's tech potential.
- 4. Entrepreneurial energies shifting to an impact focus.** SGBs and consumers are becoming increasingly focused on social responsibility and impact, leading to more entrepreneurs starting with a focus on impact. This leads to increased availability of impact-focused support available in the ecosystem.
- 5. Higher representation of women.** There is a higher presence of female leadership in social impact businesses than in commercial businesses. According to social-enterprise research led by Ennovent and the British Council⁹, women founders are being better represented in impact-focused start-ups in India (with 25% of impact-focused start-ups are women-led, compared to mainstream businesses, according to a 2014 World Bank survey).
- 6. Looking beyond major metro areas.** With more investors and capacity developers exploring non-traditional metro areas for new business ideas, and as the success stories of Indian entrepreneurs are celebrated, more people are inspired to try their hand at entrepreneurship.

⁹ British Council and Ennovent, "Social value economy: A Survey of the Social Enterprise Landscape in India," 2016.



SOUTH AFRICA

ANDE CHAPTER
SNAPSHOT 2016

15 MEMBERS BASED
IN SOUTH AFRICA

40 WITH STAFF IN
THE COUNTRY

100 INTERESTED
IN THE REGION

BENCHMARKING ENTREPRENEURSHIP



SMEs PER
1,000 PEOPLE → 83,943
TOTAL

Source: MSME Country Indicators 2014

55th ON THE GLOBAL ENTREPRENEURSHIP
DEVELOPMENT INDEX²

Source: MSME Country Indicators 2015

1.8 MOTIVATION INDEX OPPORTUNITY > NECESSITY
DRIVEN ENTREPRENEURS DRIVEN ENTREPRENEURS

Source: 2017 Global Entrepreneurship Index Data

23% OF BUSINESS HAVE AT LEAST ONE
WOMAN OWNER

Source: GEM Adult Population Survey

73% SEE ENTREPRENUERSHIP
AS GOOD CAREER CHOICE

Source: GEM Adult Population Survey (APS)

CHALLENGES AND OPPORTUNITIES

142 CAPACITY DEVELOPMENT
PROVIDERS
82% ARE HEADQUARTERED
IN SOUTH AFRICA¹⁰

97 DIRECT FINANCE
PROVIDERS
80% ARE HEADQUARTERED
IN SOUTH AFRICA

Source: South Africa's Entrepreneurial
Ecosystem Map

FIRMS ARE PROGRESSIVELY LESS
LIKELY TO LIST ACCESS TO FINANCE
AS AN OBSTACLE AS THEY GROW:

FIRMS THAT SAY ACCESS TO
FINANCE IS AN OBSTACLE:

21% OF SMALL FIRMS

13% OF MEDIUM FIRMS

5% OF LARGE FIRMS

Source: World Bank Enterprise Surveys, 2009

TOP CHALLENGES THAT SGBs FACE ARE:

75% ACCESS TO CAPITAL

ACCESS TO MARKETS 61%

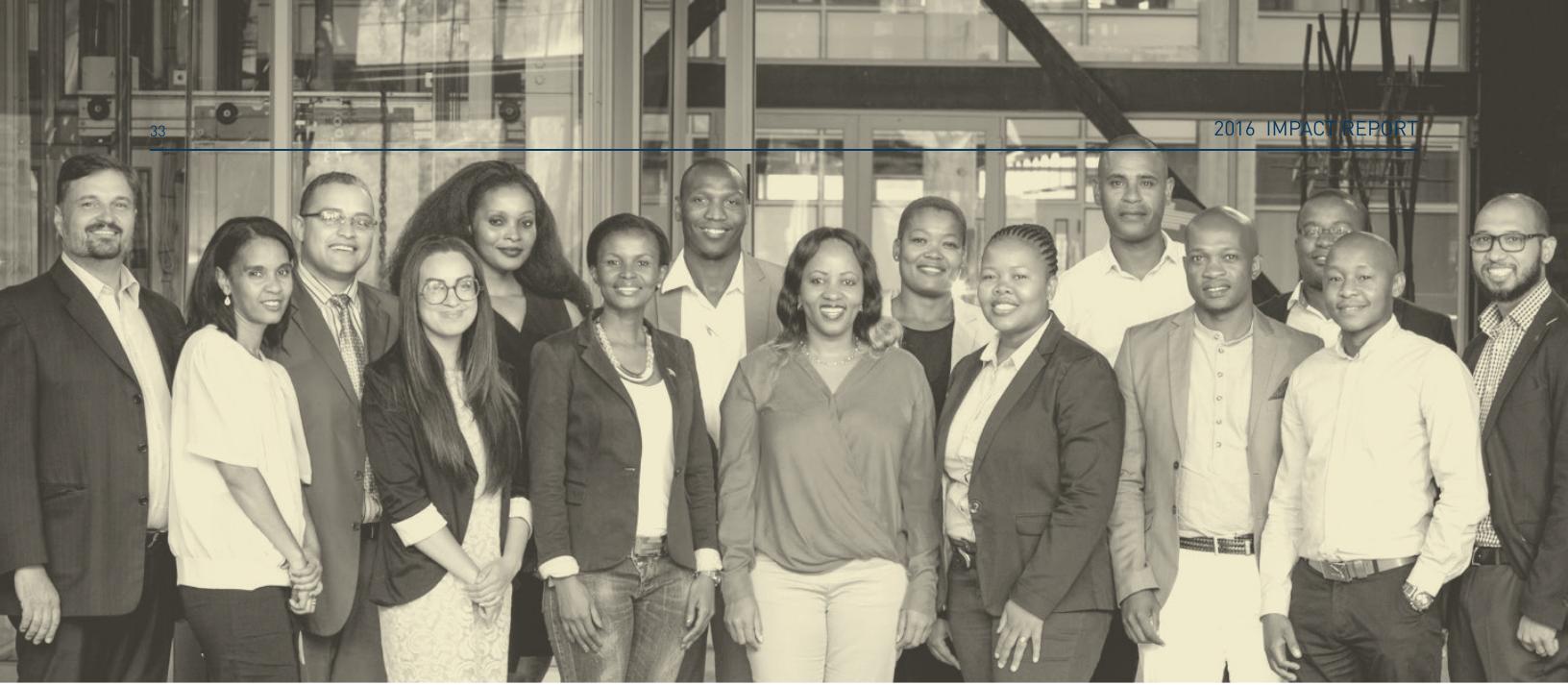
43% GOVERNMENT
REGULATIONS & POLICIES

Source: ANDE Member Survey 2016

IN CAPE TOWN THERE ARE
700-1,200 ACTIVE TECH
STARTUPS
17% ARE LED BY WOMEN FOUNDERS

Source: Startup Genome 2017

IN JOHANNESBURG THERE ARE
200-500 ACTIVE TECH
STARTUPS
25% ARE LED BY WOMEN FOUNDERS



ENTREPRENEURSHIP TRENDS IN SOUTH AFRICA

According to the South Africa Chapter Steering Committee:

The ecosystem is growing. with more public and private intermediaries and more entrepreneurs. The updated ANDE South Africa Entrepreneurial Ecosystem Map added over 100 new support organizations, jumping to 340 organizations from 214 in 2015. Socioeconomic imperatives and increased interest from qualified young professionals to start ventures spawned growth in enterprise-support initiatives, such as the private-sector SME Fund, but more awareness is needed. And despite growing interest, deals have not increased at the same rate.

The economic slow-down could spell trouble for SGBs. 80 percent of SMEs do not do business with government but with each other. Generating business from cash-strapped SMEs and customers will be challenging in light of rating downgrades and political uncertainty. The slow pace of overall economic reform could lead to more unrest. For social enterprises in particular, there is a need to close the funding gap for post-grant and pre-institutional investor rounds.

Challenge breeds opportunity. SGBs can thrive by exporting while the Rand is weak. Technology and communications, service, and climate-change mitigation sectors hold great potential in this environment, as relatively cheap labor is a South African economic advantage.

Social entrepreneurship and impact investing growing in recognition. But again, little has changed. There is greater awareness, but insufficient funds still exist for early-stage ventures. Enterprise Development as part of government's Broad-Based Black Economic Empowerment (BBBEE) strategy is contributing to these gains. For some corporations, socially conscious business practices are now part of overall strategic imperatives, but more education and consensus on the terms would benefit the ecosystem.

Positive policy amendments have potential to support entrepreneurs. The BBBEE codes have driven awareness about transformation and sustainable outcomes as a result of supplier development incentives. That said, deals based on compliance rather than shared value, as well as increased costs have long-term unintended consequences. Developments such as a 30-day payment policy, a central supplier database, SARS "12J Funds," and amendments to the PPPFA and Labour Act are positive legislative changes, but effective implementation will be vital to their success.

WEST AFRICA

ANDE CHAPTER
SNAPSHOT 2016

6 MEMBERS BASED
IN WEST AFRICA

53 WITH STAFF IN
THE COUNTRY

120 INTERESTED
IN THE REGION

BENCHMARKING ENTREPRENEURSHIP



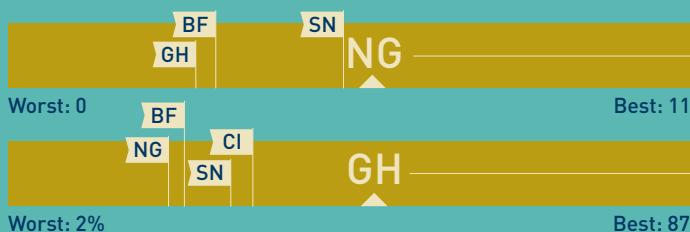
SMEs PER
1,000 PEOPLE → **30,333**
TOTAL

Source: MSME Country Indicators 2014



MOTIVATION INDEX OPPORTUNITY DRIVEN ENTREPRENEURS > NECESSITY DRIVEN ENTREPRENEURS

Source: 2017 Global Entrepreneurship Index Data



OF BUSINESS HAVE AT LEAST ONE WOMAN OWNER

Source: GEM Adult Population Survey



SEE ENTREPRENEURSHIP AS GOOD CAREER CHOICE

Source: GEM Adult Population Survey (APS)

BF – Burkina Faso | CI – Côte d'Ivoire | GH – Ghana | NG – Nigeria | SN – Senegal

CHALLENGES AND OPPORTUNITIES

TOP CHALLENGES THAT SGBs FACE ARE:

73% ACCESS TO CAPITAL

50% INFORMATION, EXPERTISE,
OR EXPERIENCE

41% ACCESS TO MARKETS

Source: ANDE Member Survey 2016

ACROSS THE REGION, FIRMS IDENTIFY ACCESS TO FINANCE AS THE TOP OBSTACLE IN THE BUSINESS ENVIRONMENT

NIGERIA 30%

COTE D'IVOIRE 45%

GHANA 50%

SENEGAL 39%

Source: World Bank Enterprise Surveys

LAGOS IS THE LARGEST IN TERMS OF NUMBER OF PLAYERS

59 CAPACITY DEVELOPMENT PROVIDERS
38 INVESTORS

TOP SECTOR IS INFORMATION AND COMMUNICATION TECHNOLOGY



ACCRA IS A GROWING ECOSYSTEM

42 CAPACITY DEVELOPMENT PROVIDERS

33 INVESTORS

TOP SECTOR IS
FOOD &
AGRICULTURE

Source: ANDE West Africa Ecosystem Map

ABUJA

38 CAPACITY DEVELOPMENT PROVIDERS

15 INVESTORS

TOP SECTOR IS
INFORMATION &
COMMUNICATION TECHNOLOGY

ENTREPRENEURSHIP TRENDS IN WEST AFRICA

In 2016, the West Africa Chapter surveyed the landscape of support for small and growing businesses and identified 167 organizations that support entrepreneurs in three cities: Lagos, Abuja, and Accra.

Local, government, and international investment is growing. SGBs in West Africa are beginning to attract investment from a variety of sources. Moreover, Abuja, Accra, and Lagos ecosystems have seen increased demand for incubators and education around entrepreneurship.

Growing push to attract and equip talent for SGBs. Even better, West Africans want to be equipped with the skills to start SGBs. As a whole, the region ranks very high across GEDI's entrepreneurial attitudes indicators.

Across the rest of the region, there is less activity. A few broad structural issues seem to impede or promote entrepreneurship generally.

As access to electricity stabilizes, ease of doing business will improve. Consistent access to electricity will be vital to improve entrepreneurship in the region. Cameroon has made a huge investment in electricity access over the past five years, and they moved up 25 ranks in the Ease of Doing Business rankings for access to electricity. The country has already seen economic gains from these investments.

Tax policy impedes entrepreneurship. According to the World Bank's Ease of Doing Business index, of the bottom 25 ease of paying taxes rankings, 14 were West Africa economies.

Instability a threat to Entrepreneurship. Conflict in the region, from the Lake Chad Basin to northern Mali and Central African Republic, hinders entrepreneurship and economic growth.



APPENDIX: ANDE MEMBERS

| | | | |
|--|--|--|--|
| 4G Capital | BiD Network | Deutsche Investitions und Entwicklungsgesellschaft (DEG) | Genesis Analytics |
| Abuja Technology Village | Bill & Melinda Gates Foundation | Dharma Life | Global Affairs Canada |
| Accion | Blue Haven Initiative | E squared | Global Alliance for Clean Cookstoves |
| ACDI/VOCA | blueMoon | Ebay Foundation | Global Communities |
| Acumen | Branson Centre Of Entrepreneurship - Caribbean | Echoing Green | Global Partnerships |
| Africa Enterprise Challenge Fund | British Council | EcoEnterprises Fund | Global Social Entrepreneurship Network (GSEN) |
| African Management Initiative | B-Space | El Buen Socio | Globalislocal |
| African Private Equity and Venture Capital Association | Business Call to Action at UNDP | Emerging Markets Private Equity Association | GOAL |
| AgDevCo | C&A Foundation | Enclude | Goldman Sachs - 10,000 Women Initiative |
| Agora Partnerships | CapitalPlus Exchange | Endeavor | Grand Challenges Canada |
| AHL Venture Partners | Capria Ventures | Engineers Without Borders Canada | Gray Ghost Ventures |
| Aliança Empreendedora | CARE | Ennovent | GriffinWorx, Inc. |
| Alitheia Capital | Catalyst for Growth | Enterprise Development Centre of Pan-Atlantic University | Grow Africa |
| Allan Gray Orbis Foundation | Catholic Relief Services | Enviu | GrowthAfrica |
| Alterna | Ceniarth | Equity Group Foundation | Habitat for Humanity |
| Amani Institute | Center for International Private Enterprise | Esoko | Heifer International |
| American Society of Mechanical Engineers | Center for Social Impact Learning at the Middlebury Institute of International Studies | European Investment Bank | Hivos |
| Appui au Développement Autonome | Cherie Blair Foundation for Women | EY | Hivos Impact Investments |
| Argidius Foundation | Christian Aid | Fair Trade USA | Inter-American Development Bank – Multilateral Investment Fund |
| ARTEMISIA | Citi Foundation | Farm Concern International | ICE (Entrepreneurial Citizenship Institute) |
| Asha Impact | CO_Plataforma | FEMSA | ICS (Investing in Children and their Societies) |
| Ashburton Investments | Columba Leadership | Fetola | IDEO.org |
| Ashesi University College | Consilium Capital | FHI 360 | I-DEV International |
| Asian Venture Philanthropy Network | CrossBoundary | Finance Alliance for Sustainable Trade | IKEA Foundation |
| Aspen Institute | DAI | FINCA International | iLab |
| Astella Investimentos | Dalberg Global Development Advisors | Fonkoze | Impact Amplifier |
| ATMS Foundation/AMSCO | Dasra | Ford Foundation | Impact Hub |
| Avril Fortuin Consultancy | Datacomb | FSG | The Innovation Hub |
| AZ Quest | Department of Foreign Affairs and Trade, Australia | Fundación Bavaria | Inotek |
| B Lab Global | Derraik & Menezes Advogados | Fundación Bolívar Davivienda | InsideNGO |
| Babson College | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH | Fundación Capital | Insitor Impact Asia Fund Pte. Ltd. |
| Banamex | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH | Fundación IES | InspiraFarms |
| Bankable Frontier Associates | Derraik & Menezes Advogados | Fundación para la Producción | Instituto Jatobas |
| Banorte | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH | FundaSistemas | Instituto Quintessa |
| BBVA | Derraik & Menezes Advogados | FUNDES | |
| BeadforLife | | | |

| | | | |
|---|---|--|---|
| Instituto Sabin | Miller Center for Social Entrepreneurship at Santa Clara University | Roots & Wings | Shared Interest |
| Intellecap | Monitor Deloitte | Royal Academy of Engineering | Thunderbird Emerging Markets Laboratories at the Thunderbird, School of Global Management |
| International Centre for Social Franchising | Negosyong Pinoy (Venture South) Finance Corporation | S&P Global | Toilet Board Coalition |
| International Finance Corporation | NESsT | Samhita Social Ventures | Toniic |
| International Planned Parenthood Federation/Western Hemisphere Region | NetBizImpact Ltd. | Sangam Ventures | TriLinc Global |
| Inversor | New Markets Lab | SAP SE | Trillium Asset Management |
| Invest2Innovate | New Ventures | Schooner Africa Fund | Triple Jump |
| Investisseurs & Partenaires | Novastar Ventures | SCOPEinsight | U.S. Agency for International Development |
| J.P. Morgan Chase & Co. | Office:FMA | Self Help Africa | UBUNTU |
| Jibu, L3C | Omidyar Network | Semente Negocios | United Nations Capital Development Fund |
| Kauffman Foundation | Open Capital Advisors | Shell Foundation | Universidad de Los Andes |
| Kenya Climate Innovation Center | Opportunity Collaboration | Shortlist Professionals, Inc | University of California, Berkeley |
| Kenya Feed the Future Innovation Engine | Overseas Private Investment Corporation | Simanye | University of Rochester |
| Kiva | Oxfam | Sinapis | UnLtd India |
| Koga | PACT | Sinovator | Unreasonable Group |
| Land O'Lakes, Inc. | Palladium - Impact Investing | SITAWI | USAID East Africa Trade and Investment Hub |
| Latin American Venture Capital Association | Partners in Food Solutions | Skoll Foundation | Value for Women |
| Lean Enterprise Accelerator Programmes | PassionProfit Ltd. | Small Enterprise Assistance Funds (SEAF) | VECO |
| LEAP Africa | PayPal | Small Foundation | VentureWell |
| The Lemelson Foundation | Pearl Capital Partners | Small Scale Sustainable Infrastructure Development Fund | Vera Solutions |
| LGT Impact Ventures | Performa Investimentos | Social Enterprise at Goizueta, Emory University | Vihara Innovation Network |
| LifeCo UnLtd SA | Peru Opportunity Fund | Social Entrepreneurship Accelerator at Duke (SEAD) | Village Capital |
| Linked Foundation | Pfizer | Social Value International | Villgro Innovations Foundation |
| Lutheran World Relief | Pomona Impact | Spark | Vox Capital |
| The MasterCard Foundation | Promotora Social Mexico | Spire Education | Water and Sanitation for the Urban Poor |
| MasterCard Worldwide | ProMujer | Stanford University | Water For People |
| MBC Africa | Property Point | Stichting DOEN | WEConnect International |
| MCE Social Capital | Qualcomm Wireless Reach | Swiss Agency for Development and Cooperation | Wildlife Conservation Society |
| Media Development Investment Fund | Reach for Change Africa | Swisscontact | Winrock International |
| Medtronic Foundation | responsAbility Investments AG | Synergy Social Ventures | World Vision |
| Mennonite Economic Development Associates | Results for Development Institute | TechnoServe Inc. | Youth Business International |
| Mercy Corps | Rianta Capital, Artha Initiative | The Center for the Advancement of Social Entrepreneurship (CASE) at Duke | Youth for Technology Foundation |
| MetLife Foundation | RippleWorks | Thembani International/ | Yunus Social Business |

ANDE EXECUTIVE COMMITTEE MEMBERS 2017

ANDE is governed by two bodies, the Aspen Institute and the ANDE Executive Committee. As ANDE operates under the non-profit status of the Aspen Institute, the official bylaws of the organization are the Aspen Institute bylaws. The Aspen Institute thus maintains fiduciary and legal oversight. The ANDE Executive Committee is composed of leaders from ANDE's diverse membership and provides strategic direction and operational oversight.

Tim Brosnan

Founder and Executive Chair
Small Foundation

Carol Dahl

Executive Director
The Lemelson Foundation
(Interim Chair)

Sasha Dichter

Chief Innovation Officer
Acumen

Nicole Etchart

Co-Founder and Co-CEO
NESsT

PR “Guns” Ganapathy

President
Villgro

Daniel Izzo

Partner and Executive Director
Vox Capital

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ENDNOTES

1. ANDE Member Survey conducted in September 2016, 375 responses from 165 organizations.
2. According to a survey of ANDE members conducted in January 2017, in which 110 ANDE members replied.
3. According to a survey of ANDE members conducted in January 2017, 110 ANDE members replied.
4. Global Accelerator Learning Initiative (GALI), "Accelerating Startups in Emerging Markets: Insights from 43 Programs," 2017.
5. Initiative for Smallholder Finance, "The Fund Manager Perspective: Moving the Needle on Inclusive Agribusiness Investment", 2017.
6. IFC Advisory Services, "Closing the Credit Gap for Formal and Informal Micro, Small, and Medium Enterprises".
7. Impact Investing Landscape in Latin America LGT Impact Ventures and LAVCA, "The Impact Investing Landscape in Latin America," 2016.
8. Global Accelerator Learning Initiative, "Initial data from Mexican startups," 2017.
9. British Council and Ennovent, "Social value economy: A Survey of the Social Enterprise Landscape in India," 2016.
10. ANDE SA, "South Africa's Entrepreneurial Ecosystem Map," 2017.

REGIONAL CHAPTER BENCHMARKING ENTREPRENEURSHIP DATA

To benchmark ANDE regions internationally, we ranked countries across entrepreneurship indicators that measure the business climate, attitudes toward entrepreneurship, and gender inclusion. We used multiple public datasets, and took the most recent year of data available per country. These are: 1) IFC's MSME Country Indicators: SMEs per 1,000 people signifies the number of SMEs relative to the population; 2) The Global Entrepreneurship Index: The GEDI score captures the contextual nature of business formation, expansion, and growth. 3) The Global Entrepreneurship Monitor (GEM) Adult Population Survey: A high motivation index indicates that entrepreneurs are more motivated by opportunity than by necessity. 4) World Bank Enterprise Surveys: The female ownership participation rate indicates the percentage of enterprises owned by one or more women, and 5) The Global Entrepreneurship Monitor Adult Population Survey: The percentage of the adult population who agree that in their country, most people consider starting a business as a desirable career choice measures attitudes toward entrepreneurship.

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