

## For Immediate Release

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## Trends for Global Small Businesses Reported

*The Aspen Network of Development Entrepreneurs finds small business investments on the rise—yet critical challenges include finding talented managers, sourcing seed-stage funding, and securing donor support*

WASHINGTON—June 15, 2016—The Aspen Network of Development Entrepreneurs (ANDE) today released its annual State of the Sector Report on small and growing businesses (SGBs).

ANDE and its 250 members are driving global entrepreneurship by supporting SGBs with financial and non-financial resources. SGBs—businesses with 5 to 250 employees ready to scale—are critical to emerging market economies. SGBs increase access to goods and services by connecting communities to local and regional markets and providing millions of jobs in developing countries.

This year's report focuses on the state of the global SGB sector and also dives into regional market insights. It discusses the hurdles for emerging market entrepreneurship—access to capital, talent and markets—and assesses how well the sector is addressing these.

### A Growing Sector

ANDE members have collectively invested over \$12 billion directly into SGBs and supported over 415,000 entrepreneurs with business development services. In 2015, 42 members supported over 40,000 SGBs with \$72 million in capacity development services; 32 members invested \$330 million in over 1,000 SGBs; and 26 members deployed \$49 million in philanthropic capital to SGBs and intermediaries.

This reflects a sector that is on the move—in the past ten years, 485 investment vehicles have launched that invest in emerging market SGBs, with an estimated \$26 billion in committed capital. In 2015, 58 investment vehicles launched and raised over \$2.7 billion in committed capital.

“ANDE members develop entrepreneurs' capacity to become investment-ready and ultimately to scale their impact. As a network, ANDE builds entrepreneurial ecosystems. We cannot ignore that behind each individual transaction, there is important work in strengthening the regional entrepreneurial environment needed for entrepreneurs and impact investors to thrive,” said Randall Kempner, executive director of ANDE.

Specifically, the report identifies three barriers to success for the SGB sector:

**(1) Talented managers are needed to accelerate growth of small businesses.**

Finding talented managers is still a challenge for small businesses in emerging markets. While there is more growth stage capital available, the pace of investment-ready companies is not keeping up and creating a bottleneck. ANDE members now offer a more diverse set of services for entrepreneurs, and financial management training is on the rise among capacity development providers. Yet, only a small percentage of ANDE members—just 22 percent—provide non-financial support such as talent placement.

**(2) Deals under \$2 million are on the rise, but very early-stage investing lags.**

In 2015, total capital invested in emerging market deals \$2 million and under rose 34 percent to \$263 million, and 69 percent of deals in Latin America were \$1 million and under, most likely due to growth in technology sector investment. Although the minimum deal size has decreased within the last two years, demonstrating a willingness by investors to consider very early-stage enterprises, the percentage of vehicles launched since 2011 targeting deals \$100,000 and under has remained consistent at approximately 35 percent. Because of this gap, promising entrepreneurial solutions—addressing social problems such as access to healthcare and education—are not being explored.

**(3) Entrepreneurship is key to creating jobs, yet development dollars are declining.**

Although entrepreneurship spurs jobs and increases incomes, official international development support for entrepreneurship has been on the decline since 2010. Total entrepreneurship-specific disbursements have decreased from an estimated .8 percent to a mere .1 percent of all overseas development assistance in 2014. This tiny fraction of the overall funding disbursed from bilateral and multilateral donor agencies underserves the need, and underappreciates the potential positive impact of entrepreneurial approaches to poverty reduction.

**Social Progress Seen**

Despite these hurdles, there is optimism. An estimated one-third of SGBs are owned by women, and more ANDE members have embraced gender-lens investing: at the end of 2015, 63 percent of ANDE members included a focus on women entrepreneurs, up from 50 percent in 2011. In the report, we also learn about ANDE's commitment to help fulfill the Sustainable Development Goals. To further achieve progress for women and gender equality as well as economic development, local businesses across the globe will be an important tool in driving prosperity in emerging markets.

To download the 2015 State of the Sector Report, please visit: <http://bit.ly/1VR3PFZ>

The **Aspen Network of Development Entrepreneurs (ANDE)** is a global network of more than 250 organizations from 150 countries 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 countries out of poverty. For more information about ANDE, please visit: <http://www.andeglobal.org>. To read about entrepreneurs in our network, please visit: <http://www.whysgbs.org>.