



Small Enterprise Assistance Funds

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From Poverty to Prosperity

Continuing the discussion on the development impact of SME investing

Since 2001, **Small Enterprise Assistance Funds (SEAF)** has conducted in-depth analysis and produced a series of reports evaluating the development impact of our investments on a variety of community and government stakeholders. Through our investment experience, we have learned that fostering profitable, competitive local enterprises is a fundamental step in achieving sustainable economic development. Our research provides concrete evidence on the profound impact of these growing small businesses on job creation, wage growth, employee benefits and training, and a host of other indicators.

SEAF's in-depth case study analysis shows that for **every \$1 invested in an SME, an additional \$13 in benefits returns to the local society** through a variety of stakeholders—from employees, suppliers, customers and competitors, to the local government, community and financiers. As these businesses grow, so do the communities and families around them. With stable jobs and growing incomes, families can better plan for their futures—investing in improved housing, preventive health care and education for their children that can end the cycle of poverty and build the base for a more sustainable society.

Every year, SEAF gathers and analyzes development data from our global investment portfolio, assessing the growth of the companies and the overall impact of SME investing. The results of our 2009 annual survey are presented below.



Workers at SEAF's agricultural machinery and generator production, assembly and distribution company HBC in Ho Chi Minh City, Vietnam

SEAF SME Development Impact Highlights

(from time of investment to 2009 or year of exit)¹

Outperforming the Local Economy:

- **33%** average annual revenue growth vs. **18%** average annual GDP growth
- **25%** average annual employment growth vs. **1%** average annual national employment growth

Impact on Employees:

- **19%** average annual increase in wages in USD terms
- Wages are on average **54%** above national averages
- **69%** of employees receive health and/or pension benefits
- **77%** of the jobs go to unskilled and semi-skilled workers, creating opportunities for those most in need.
- **81%** of companies have provided formal training to employees since time of investment
- **34%** of employees received promotions.

Impact on Suppliers:

- **\$8.1 Million** paid on average to local suppliers by each company in 2009 or year of exit
- **34%** average annual increase in the number of local suppliers with which portfolio companies worked
- **21%** average annual increase in payments to suppliers

Impact on Government:

- **49%** average annual growth in taxes paid to the local government.

Impact on Community:

- **28%** average annual growth in contributions to the local community
- **\$5,200** contributed on average to the local community by each company in 2009 or year of exit

¹ The growth rates presented are compound annual growth rates, which represent the average year-to-year growth rate over the investment period. Growth rates are based on data from the year prior to each investment through the end of 2009, or the year of exit where applicable.

Portfolio Company – *Sunshine Exports, Peru*

Since 2005, SEAF has made multiple investments in Sunshine Exports, a family-run mango and avocado packer, processor and exporter in Peru that works with over 450 small-scale farmers and provides more than 3,000 jobs during high season. With financial assistance from SEAF, Sunshine constructed frozen and dehydrated fruit processing plants that allow the company to accept 100% of harvests from local farmers (previously discarded imperfect fruit is now used for packaged products) and extend the production season, increasing returns to the company, farmers and employees through year-round job opportunities.

In addition, Sunshine actively supports the education, health and development of its local community. In 2005, the company started the construction of a water treatment plant that now provides clean water for crop irrigation. Sunshine also promotes sustainable farming practices among more than 450 small producers through training in managerial matters, technical assistance in production, and partial financing of organic certification costs. Finally, Sunshine organizes social activities for farmers' families and communities through summer schools, visual arts, holiday events, and education on gender equality, health and sanitation, global issues and the environment.



Portfolio Company – *Madai, Georgia*



In 2009, SEAF invested in Madai, a Black Sea anchovy fishing company in the Republic of Georgia, to assist the company in its purchase of a fishing ship, two transport ships, distribution trucks, and land in the Poti region for the relocation of their processing facility. Madai's purchase of the ships allowed it to become the first Georgian company in recent history to utilize its fishing license rather than leasing it out to foreign fishing companies. The undeveloped nature of Georgia's fishing sector has meant that, historically, all of Georgia's fishing licenses have been subcontracted out to foreign ships to work Georgian territorial waters. This arrangement has meant that a substantial portion of the profits leave Georgia, and the national fishing industry has been unable to generate employment opportunities or domestic sector growth. With financial help from SEAF, Madai plans to grow its own fleet, modernize its processing capacity and train an entirely Georgian crew by 2012. Madai is already producing a demonstration effect among other Georgian companies holding licenses, and hopefully will encourage the companies to invest in their fleets, and train and hire local Georgian crews, further impacting employment in a country hard hit by both war and the global financial crisis.

Small Enterprise Assistance Funds (SEAF) is...

...an investment management group that provides growth capital and business assistance to small and medium enterprises (SMEs) in emerging and transition markets underserved by traditional sources of capital. Through its network of offices around the world, SEAF invests in entrepreneurs to build successful businesses, realizing both attractive returns for its investors and a measurable development impact in local communities.

SEAF NUMBERS (December 2010)

Number of Funds since Inception:	28
Number of Offices:	21
Total Number of Personnel:	146
Number of Countries where we have Invested since Inception:	22
Capital Committed since Inception:	\$609 M
Invested Capital since Inception:	\$378 M
Number of Investments since Inception:	338
Number of Exits since Inception:	178

FOR MORE INFORMATION ON SEAF AND ITS FUNDS IN EMERGING MARKETS, PLEASE VISIT: WWW.SEAF.COM