



**SEAF** Your Global Investment Partner  
*Connecting Local Enterprise with the World*



**For Immediate Release**  
**August 05, 2009**

**Contact: Katherine Wheeler**  
**(202) 737-8463 ex. 110**

### **SEAF INVESTS IN ANIMAL FEED COMPANY AND HIGH SPEED INTERNET IN GEORGIA**

Small Enterprise Assistance Funds (SEAF) announced today two new investments in growth-oriented small and medium enterprise (SME) in Georgia that SEAF will manage through the Georgia Regional Development Fund (GRDF). The two investments, totaling 3.7 million, join GRDF's other nine investments in Georgia for a total of approximately USD 21 million in disbursed investments, more than two thirds of the total fund capitalization of USD 30 million. GRDF's objective is to sustainably support the development of SMEs in the regions of Georgia outside the capital city through private investment.

GRDF disbursed a loan to Dogan Ltd. (Dogan), an animal feed and pet food producer, which produces feed for both farm animals and household pets, and, in addition, sells veterinary products, including vaccines as a complementary business and service for its customers. Dogan will use the GRDF investment to improve the quality of its extruded feed production line and expand the line to include feed for 'pre-starter broilers' (one to seven-day-old chicks). The investment will also be used for working capital and the expansion of the company's storage and warehousing facilities to accommodate a growing list of animal feed customers. Dogan is an attractive investment opportunity for SEAF and GRDF as it is the only producer of extruded feed in the Caucasus region. This strong competitive position is further enhanced by the growing agribusiness sector in Georgia and the desire of companies in the sector to replace imports with less expensive, yet high quality products produced locally.

The second GRDF loan was to Delta Comm Ltd. (Delta Comm), one of the main suppliers and service providers of information and communications technologies (ICT) in Georgia. Delta Comm's core business includes hardware and software sales, software and systems development and implementation, and IT consulting. Delta is a partner of IBM, Microsoft, CISCO, Oracle and other leading IT companies. In 2007, the company began construction of the GONET internet cable infrastructure, an underground fiber optic cable network running throughout Georgia. The GRDF financing is being used to purchase additional cable laying equipment to expedite construction. As construction progresses, the system will be sold in parts or in whole to Internet Service Providers (ISPs) and Georgian companies requiring secure information networks across Georgia. Delta Comm is an attractive investment to SEAF and GRDF because GONET is currently the only network in Georgia that offers backup sources for internet (from Turkey) and GPS-mapping of the network system. With the expedited construction process, the full system is expected to be in operation by 2011.

SEAF, through its management of GRDF, is committed to double-bottom line investing and seeks to quantify both financial and development returns on its investments in SMEs in Georgia. Dogan's planned increase in animal feed production will create additional employment, increased business for local suppliers and a higher quality, more reliable, and more affordable product for its customers. In addition, the continued growth of the company will have an overall positive impact on the lives of employees and the community at large.

Delta Comm's nationwide development impact will be achieved by providing Georgians with better, higher quality access to the Internet. By expanding the quality and accessibility of internet and telecom in Georgia, the GONET project will enable more individuals and businesses to participate in the global economy, regardless of their location, and will have a major development, social and economic impact on the country in general.

SEAF's analysis of the development impact of SME investment shows that for every \$1 invested in a small and growing business, an additional \$12 in benefits redounds to the local society. Beyond providing growth capital to the company, SME investment provides economic benefits to a host of other stakeholders—employees, suppliers, customers, competitors, the local community and, local government. With stable and secure jobs and growing incomes, for the first time families can begin to plan for their futures—investing in improved housing, preventive health care and education for their children that can end the cycle of poverty.

SEAF is a global firm specialized in the management of private equity funds in emerging markets. SEAF's two decades of experience investing in nearly 290 small businesses have

permitted it, together with its partners in these funds, to effectively and efficiently deploy growth capital to fast-growing markets underserved by traditional funding sources. SEAF's extensive experience has allowed it to identify and invest in promising companies that deliver both positive financial results, as well as significant economic and social benefits to their employees and their communities.

The GRDF was funded through a grant awarded to the government of Georgia by the United States' Millennium Challenge Corporation. The Georgian government has dedicated a portion of the grant to the GRDF to invest in small enterprises in the regions of Georgia as a means to reduce poverty through economic growth.

The Georgia Regional Development Fund ([www.SEAF.ge](http://www.SEAF.ge)) is one of five projects created by the MCG to best implement this goal. GRDF was launched in December 2006 with a fund duration of 10 years and a total budget of USD 32 million. The GRDF covers the following components: a commercial investment fund (USD 30 million) that makes long-term investments in rapidly growing Georgian SMEs, and technical assistance for SMEs (USD 2 million) to improve the performance of portfolio companies following investment or to assist prospective portfolio companies to become qualified for GRDF investments.

**Note: for more information on the Georgia Regional Development Fund and SEAF's other global funds, please visit:**

**[www.seafweb.org](http://www.seafweb.org)**

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