



# Economic Growth in the Developing World

## The simple facts:

- Entrepreneurs drive small businesses.
- Small business drives economies.
- Economic development is done from the bottom up.

## Importance of Small Businesses

Even in the mature US economy, small businesses are 99.7% of all non-farm businesses, employing 51% of private sector jobs. That 51% outperforms the big company half by producing 13 times as many inventions and 3/4 of new jobs. Economic development comes mostly from the bottom, from small businesses.

Although well meaning, the developing world has too long been given aid that is less than effective and often even restrains or creates dependency. It's time to focus on the work of doing real economic creation. This work is more challenging because it is resistant to bulk grants and bulk delivery.

## It takes money to make money.

Although appealing, "bootstrapping" is really working a day job and starting a business on the savings. In the third world, there is rarely anything left.

Small businesses drive economies and they're largely missing across much of sub-Saharan Africa. A study from the German Marshall Fund ([Transatlantic Innovations in Affordable Capital](#)) points out the key problem is that small businesses lack the funding to succeed: "The Missing Middle".



Throwing money at a problem is throwing it away. Starting businesses is hard and complex work. On average fewer than half of US start up businesses survive 5 years and less than 30% survive 10

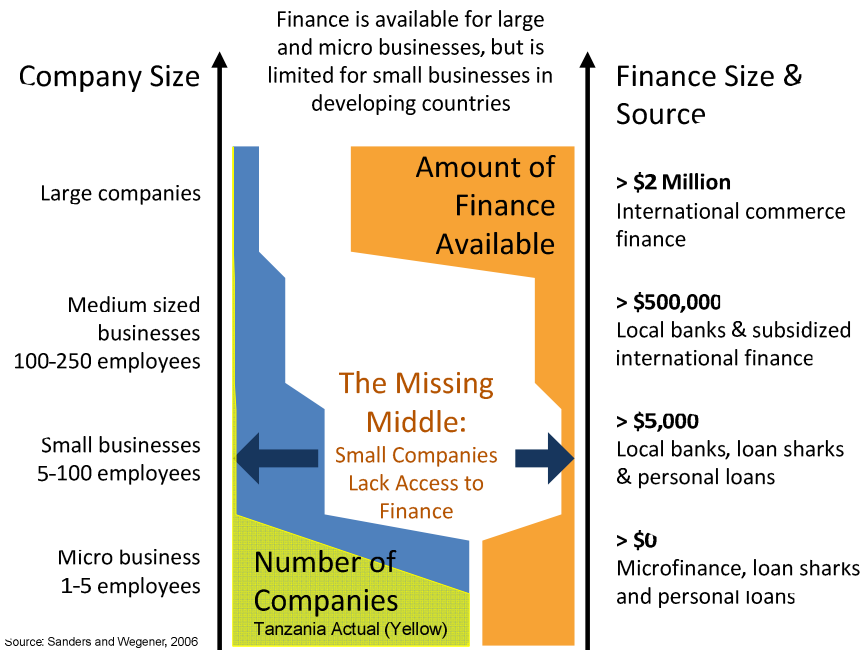
## Money is not enough.

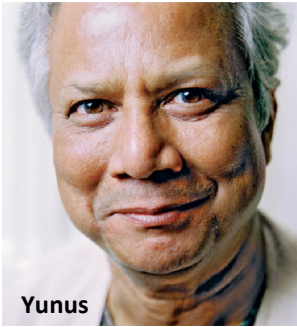
But when businesses are intensively mentored and guided as by 'angel' investors or venture capitalists, the 10 year survival rates jump to around 80%.

For money to do its job, it must be accompanied by people that do theirs. This means:

- Careful vetting (only 1 in 200 US businesses get funding)
- Complete business plans
- Appropriate funding with audits
- Ongoing mentoring

**But how? - especially in the developing world?**





## Micro Finance: World Changing—Fast

In 2006, Mohammad Yunus won the Nobel Peace Prize for micro-finance. There are now around 200 million people

who have received a micro loan, helping to lift perhaps one billion people out of the most dire poverty. It has been world and life changing.

Not only that, repayment rates are around 98%; the poor are better loan risks than the wealthy. Even western banks have noticed and are trying to also support this model.

They should: Yunus has successfully loaned about \$4 billion to the poor of Bangladesh. His model has been successfully taken around the world.

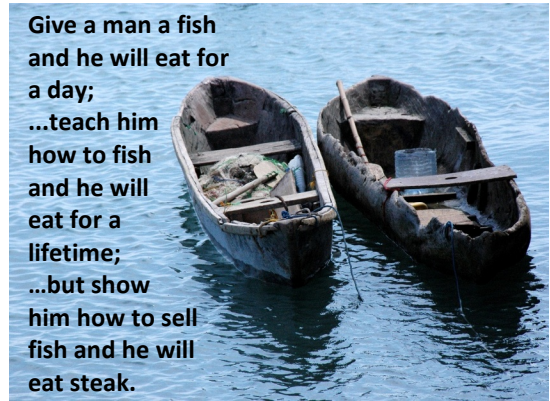
However, the typical \$30-\$300 micro-loans are too small to start businesses that hire employees and have a broader community impact .

**In Tanzania, a person with a good job often cares for 50 or more people.**

## Cheetah Development—Taking Microfinance Up a Level

For money to succeed, it has to come with guidance. The problem is that intensive business mentoring takes a lot of time by experienced people. It's expensive.

We bring in local universities to fill the gap by providing student interns, cultural sensitivity, legal guidance and accounting audits. They become vested in the success by receiving a minority share of the business. Students are guided by professors and experienced business people who step in directly when necessary.



**Give a man a fish and he will eat for a day;  
...teach him how to fish and he will eat for a lifetime;  
...but show him how to sell fish and he will eat steak.**

## Building Small Businesses and Changing Lives

**Micro Finance Cooperatives:**  
Solved the problem of loan administration cost by creating a cooperative model where the work is done by volunteers or at low cost.

**Venture Capital Firms:**  
Solved the problem of the lack of business experience by providing investments with management oversight and guidance.

Cheetah Development is focused on founding ethical businesses that are sustainable, serve the poor, and create good jobs—even with benefits. When people have a job, they are no

**Micro Venture Capital:**  
Combines these two proven models by delivering capital with management oversight by unpaid student interns led by business experts.

longer just waiting for help, they are helping themselves and join in helping others, too. It takes money to make money.

It takes people to help people.

**Be the change.**



This is the joyful work of Cheetah Development. Won't you join us?



[www.CheetahDevelopment.org](http://www.CheetahDevelopment.org)

**DEVELOPMENT**