



Dutch Good Growth Fund

Part: Financing Local SMEs

Seed Capital and Business Development Programme

A programme by the Ministry of Foreign Affairs

A consortium consisting of Triple Jump and PwC is responsible for the management of the Dutch Good Growth Fund (DGGF) Part: Financing local SMEs in up to 68 selected countries through investing in Intermediary Funds. The consortium manages the DGGF on behalf of the Dutch Ministry of Foreign Affairs. As part of the DGGF, the consortium manages a Seed Capital and Business Development (SC&BD) programme that is meant to support the investments made by the DGGF in intermediary funds and local SMEs. As such, the SC&BD programme should not be considered a separate programme from the investment scheme and support from the SC&BD programme can only be considered if this support is matched with a possible investment by the DGGF in an intermediary fund. Intermediary funds can therefore not solely apply for support from the SC&BD programme.

Purpose

The purpose of the SC&BD programme is to strengthen the mission impact of the DGGF investment fund by providing:

- Technical Assistance (TA) and Seed Capital (SC) to SME finance initiatives – specifically Intermediary SME Funds and initiatives that aim to strengthen the infrastructure for SME finance¹.
- Business Development Services (BDS) to SMEs via Intermediary Funds.

Target Audience

The products and services of the SC&BD programme are available for investees of the DGGF, i.e. intermediary funds (and eventually local SMEs) in which the DGGF has invested or intends to invest.

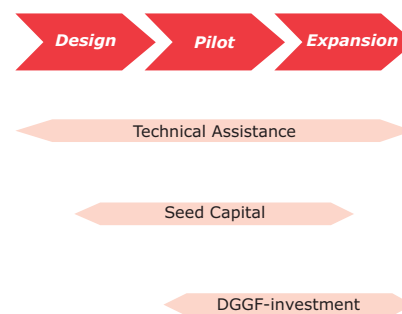


Figure 1. Development Pathway of SME Finance Initiatives and Supportive Instruments

Products & Services

Supporting SME finance initiatives in all stages of development

The SC&BD programme provides Technical Assistance and Seed Capital to support SME finance initiatives throughout all stages of development (see Figure 1):

- TA services will be tailored to the specific needs of the SME finance initiative. Emphasis of TA support will be on the

¹ Initiatives that will have a catalytic effect on the access to finance for the DGGF target group, that are scalable and financially sustainable. Examples are local SME bond-markets, low costs SME rating services and credit bureaus.

design and pilot stage – e.g. through supporting feasibility and market studies. TA services will also be used to support SME finance initiatives in complying with CSR and results measurement requirements of the DGGF. TA services will be provided on a cost-sharing basis to the DGGF and the client.

- Seed Capital is a high-risk investment instrument that will be used to invest in new and innovative financial initiatives that are considered to be too premature and risky for the DGGF investment. If the investment is successful, the Seed Capital will be recovered and replaced – on a best effort basis – by a DGGF investment.

Business Development Services to SME

Lack of access to finance is not the only bottleneck for local entrepreneurs. Successful SME finance models often incorporate business development services. In some cases these business development services temporarily require additional funding in the form of (revolving) donations. The SC&BD programme provides Intermediary Funds with (revolving) funds and brokerage support so business services can be delivered to local entrepreneurs. Cooperation with local business providers is encouraged. Sustainability and scalability are key.

Proposals for Intermediary Funds

For details on the investment proposal content recommendations, please see the Dutch Good Growth Fund Information Sheet.

Project Identification and Development

Project identification and development for the SC&BD programme is part of the intake of the DGGF investment programme.

- Proposals that qualify for a DGGF investment are eligible for SC&BD support if the added value of this support is demonstrated.
- Proposals that do not yet qualify for a DGGF investment (i.e. design or pilot stage projects) may become eligible for SC&BD support if there is strong strategic alignment with DGGF objectives (e.g. target groups, innovation), a good match with the DGGF portfolio, and proven operational capacity.

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Netherlands Enterprise Agency (RVO.nl) | March 2015

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