



The Dutch Good Growth Fund

Outline:

1. Policy background: rationale for the DGGF
2. Key characteristics of the DGGF
3. What does DGGF offer?
4. Current projects
5. More information

1. Policy background: rationale for the DGGF

Part of Aid and Trade Agenda

Goals

- Getting to zero: reduce poverty
- International success Dutch firms
- Global sustainable and inclusive growth

Goal: closing the SME Finance Gap

- SME financing is perceived as “high risk” by financiers due to:
 - Limited information
 - High transaction costs per deal

Typical Business Landscape in Emerging Economies

The diagram is a pyramid divided into five horizontal layers. From top to bottom, the layers are: Corporates & Multinationals (4.7%), Large Enterprises (14.4%), Medium Enterprises (21.6%), Small Enterprises (39%), and Micro-Enterprises (19.7%). A diagonal line labeled 'Banks' Primary Target' runs from the top right to the bottom left, passing through the top two layers. A red arrow labeled 'Too risky' points to the bottom three layers. A red bracket labeled 'The SME Financing Gap' spans the bottom three layers. A label 'Microfinance' is at the bottom right.

The Dutch Good Growth Fund

- DGGF goal: bridging the SME finance gap in Netherlands and DGGF countries
- The DGGF aims to alleviate shortage of capital availability for SMEs wanting to invest in or trade with DGGF countries
- SMEs are the engines of growth

The flowchart consists of three blue rounded rectangular boxes connected by arrows. The first box is labeled 'DGGF', the second 'SME Credit Gap', and the third 'Inclusive Growth'. Below the boxes, the text 'Aid & Trade' is written.

DGGF Development Impact

Closing the sme financing gab should intensify investments that affect development and trade with developing countries by means of:

- Growth of local employment
- Growth of local SME's productivity
- Sustainable transfer of knowledge, skills, technology or innovation
- Other development related aspects (effects on health care, etc)
- Special focus on female and young entrepreneurs and fragile states

DGGF Target Groups



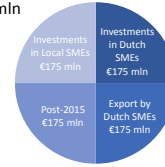
One goal, two target groups:

- Dutch SMEs
 - Financing Investments by Dutch SMEs operating in developing countries
 - Insurance and finance for Dutch SMEs exporting to developing countries
- Local SMEs
 - Investments in local SMEs through Intermediary Funds

DGGF Revolving budget



€700 mln



Additional €70 mln Technical Assistance

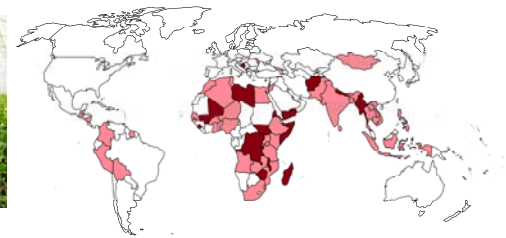
- Mitigate risks
- Increase development impact
- Help SMEs with CSR during application & implementation

DGGF Countries



- | | | | |
|--------------|------------|-------------|--------------|
| Afghanistan | Egypt | Maldives | Sao Tomé |
| Albania | Eritrea | Mali | Senegal |
| Algeria | Ethiopia | Moldova | Sierra Leone |
| Angola | Gambia | Mongolia | Somalia |
| Armenia | Georgia | Morocco | South-Africa |
| Bangladesh | Ghana | Mozambique | South-Sudan |
| Benin | Guatemala | Myanmar | Sri Lanka |
| Bhutan | India | Nepal | Suriname |
| Bolivia | Indonesia | Nicaragua | Tanzania |
| Bosnia Herz. | Jordan | Niger | Thailand |
| Burkina Faso | Kenya | Nigeria | Tunisia |
| Burundi | Kosovo | Pakistan | Uganda |
| Cambodia | Laos | Palestine | Vietnam |
| Cape Verde | Libya | Peru | Yemen |
| Colombia | Macedonia | Philippines | Zambia |
| Congo | Madagascar | Rwanda | Zimbabwe |
| Djibouti | Malawi | | |

DGGF Countries



2. DGGF Key characteristics



- Tailor-made financing
- SMEs
 - Employ fewer than 250 persons
 - Annual turnover < 50 million euro or annual balance sheet total < 45 million euro
- Development impact
- Corporate Social Responsibility
- Revolving (no subsidy)
- Commercially viable
 - Good business case, acceptable risks, financially sound company and project
- Additional to the market
 - High-risk segment
 - Smaller loans
- Technical assistance available

3. What does DGGF offer?



- Different type of financing:
 - Guarantees
 - Loans
 - Equity
- One front office at RVO, 2 fundmanagers:
 - RVO
 - Atradius DSB

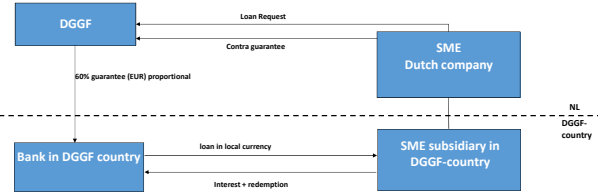
Dutch SMEs: Investments



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- Fundmanager RVO
- RVO will provide loans directly to Dutch SMEs together with EU banks
- RVO enables financing by offering guarantees to (local) banks
- Combinations of the above
- Equity options (Fund in Fund, guarantees)
- Max EUR 10 mln per DGGF application

1. Guarantee to local bank in Uganda

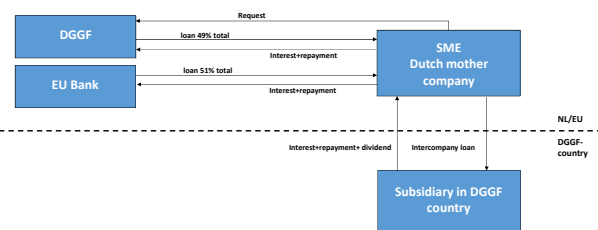


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Remarks Guarantee to EU-financing company

Formal Publication (Staatscourant)	(x 1EUR)
Max DGGF guarantee (60%)	EUR 10 mio
Max total investment	EUR 20 mio.
Guarantee provision	2,5%-3,0% p.a.
Up front fee	1%
Fresh money contribution SME	
Profitability and continuity perspectives	
Contribute to locally development	
CSR	
State supporting rules (AGV and De-minimis)	

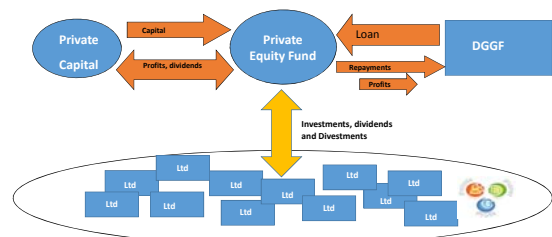
2: Co-financing (soft loan)



Remarks Co-financing

Formal Publication (Staatscourant)	(x 1EUR)
Max DGGF (49%)	EUR 10 mio
Max total investment	EUR 25 mio.
Interest	Competitive to the market
Up front fee	1%
Repayment term	Up to 7 years
Fresh money contribution SME	
Profitability and continuity perspectives	
Contribute to locally development	
CSR	
State supporting rules (AGV and De-minimis)	

3. Fund in fund (equity)



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Dutch SMEs: Export

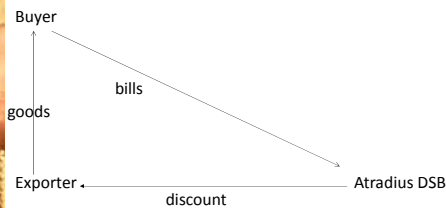


- Fund manager: Atradius Dutch State Business
 Exporter has the risk of a deferred payment or non-payment
- Direct financing: discount bills of exchange (max €2 mln)
 - Only if banks will not finance the transaction
 - Discounting after final delivery for 100%
 - Export credit insurance (max €15 mln)
 - Only if not suitable for EKV (open for Uganda)
 - Non-marketable risks and single-transaction policies
 - Small and larger transactions
 - Export of capital goods and services
 - Additional to the market

Direct Financing



Direct Financing

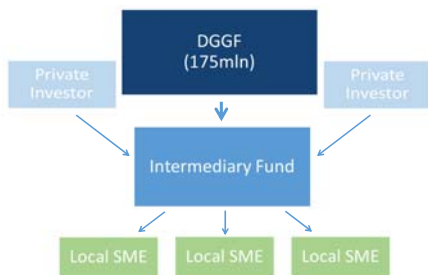


Local SMEs: Investments



- SMEs in developing countries cannot receive finance
- Fund manager: PwC/Triple Jump
- Fund-of-funds structure
 - Applications only by Intermediary funds
 - Special focus on female/young entrepreneurs and fragile states
 - Catalysing other investors
 - Additional to the market

Local SMEs: Investments



4. Examples of current projects



- Investments in Dutch SMEs
 - Several horticultural projects in Ethiopia
 - Financial Inclusion in India
- Export finance to Dutch SMEs
 - Export of cotton spinning wheels to Ghana
 - Export of medical equipment to Malawi
 - Export of printing machines to Bolivia
- Investments in local SMEs via IFs
 - Investment Fund for Health in Africa II
 - Grofin Small and Growing Business Fund (Africa)
 - Aavishkaar Frontier Fund (South Asia)

The Gambia Cashew Processing Plant



- Worldwide growth in demand for cashew nuts
- Dutch SME establishes processing plant for cashew
- Co-finance DGGF and EU-financer
- Investment creates 700 jobs, mainly for women
- Women are explicitly preferred to fulfill management positions
- Local farmers will be trained by experience agronomist in order to increase local production of cashew nuts
- It is intended that these local farmers become local shareholders (through a cooperation)

Nigeria Shrimp farm



- Worldwide growth in demand for high-quality shrimp
- Dutch SME sets up shrimp farm
- Shrimp production will meet international standards for sustainable shrimp farming
- Co-finance DGGF and EU-financer
- Investment creates over 320 jobs
- Employees will be trained in the shrimp production techniques
- Free medical care for the employees and their families

Cotton Spinning Wheels to Ghana



- Export of Cotton Spinning Wheels to Ghana
- DGGF: Export Credit Insurance and Finance
- Development Impact:
 - 200 fte in Factory
 - Growth of Cotton Farms and Increase in Numbers
 - Added value in export (Cotton Yarn in stead of Raw Cotton)

Grofin Small and Growing Business Fund



- DGGF investment: 15 million EUR
- Financing local SMEs in Kenya, Uganda, Tanzania, Rwanda, South Africa, Zambia, Ghana, Nigeria and Egypt
- Providing long-term risk capital/mezzanine financing and business support for underserved SMEs (start-ups and growing businesses)
- Sectors: agriculture, health, education, energy, etc.
- Development impact: support 150 SMEs and create 1350 jobs
- See www.grofin.com

5. More information?



- Contact the Royal Netherlands Embassy Kampala
- Contact the Ministry of Foreign Affairs
 - Tess van der Zee, tess-vander.zee@minbuza.nl
- Contact the Front office at RVO.nl
 - www.rvo.nl/dggf
 - +31 (0)88-0424242
- Contact DGGF investment management
 - Rene Beerepoot, +31 621152234, rene.beerepoot@rvo.nl

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