



# Dutch Good Growth Fund - Financing local SMEs

Seed Capital and Business Development Programme  
*Support to DGGF investees*

A programme by the Dutch Ministry of Foreign Affairs

## Dutch Good Growth Fund (DGGF)

The Dutch Good Growth Fund/Financing Local SMEs is a “fund of fund” investment initiative from the Dutch Ministry of Foreign Affairs that aims to improve financing for the missing middle.

Many small and medium-sized enterprises in developing countries have difficulty securing the financial backing they need to grow. This group of businesses is often referred to as the ‘missing middle’: they have outgrown micro financing but do not yet have access to regular financial services.

## Seed Capital and Business Development (SC&BD)

The [Seed Capital and Business Development \(SC&BD\) facility](#) aims to strengthen the impact of the DGGF investment portfolio by further developing the SME finance sector and reaching underserved markets that contribute to job generation and economic growth.

## Support to DGGF investees

Under the SC&BD program, we offer tailored support to DGGF investees (the funds and financial intermediaries) to strengthen their capacity to serve SMEs. This support is offered through “Technical Assistance (TA)” and “Business Development Services (BDS).

TA and BDS services are either offered through tailored trajectories per individual DGGF investee or cross-portfolio programs. One program around Gender Lens Investing is currently active, which provides investees with knowledge, tools, peer interactions, coaching, and hands-on TA support around the topic. More programs (e.g. green growth) are likely to be available soon. Please contact the SCBD Facility for more information.

## Technical assistance

This support is aimed at assisting DGGF investees to strengthen their operations, to develop their skills and capacity and to enhance their service offering for SMEs. Examples are training loan officers in SME credit risk analysis, supporting fund managers with their gender lens strategy and SME product development.

## Business Development Services

This support is to support DGGF investees in providing non-financial services to (potential) portfolio SMEs or the broader entrepreneurial ecosystem that the client operates in. Examples are supporting funds’ TA facilities for SMEs that could either offer pre-investment or post-investment support, launching angel networks, and opening local SME support centres.



### Terms and conditions of support

The facility can provide support in the form of grants, revolving grants, and concessional loans.

The selected instrument, height of support and counterpart contribution from the client or other donors is determined on a case-by-case basis to ensure commitment and alignment among all parties.

Eligible project costs must be one-off (i.e. no running costs) and are limited to external costs (i.e. only costs incurred by parties external to the investee).

The following conditions exist to apply for TA and BDS support:

- **DGGF investee** - the Financial Institution or fund is a DGGF investee, i.e. there is (a commitment to) an investment relation.
- **Hurdle** - the project support is needed to overcome a hurdle, to improve or expand the services to the SME market.
- **Commitment** - the DGGF investee is fully committed to the project and leadership ensures sufficient commitment and resources at a strategic and operational level to facilitate positive results.

### Application process

DGGF investees are encouraged to connect with the SC&BD team to discuss their ideas and the eligibility of the project.

- Clients may apply at **any time**, so long as they are (in the process of becoming) DGGF Investment Clients.
- Clients may subsequently be requested to develop and submit a **project proposal** for approval.
- Clients may also apply for multiple projects consecutively or simultaneously.

### Selection process

An SC&BD committee will be approving the proposals based on multiple criteria.

### Proposal criteria

- **Quality** of the proposal: clear problem analysis and logical proposed intervention;
- **Feasibility**: realistic overall proposal, feasible timeline, attainable results, identified and mitigated risks, assumptions explicit and realistic;
- **Effectiveness**: project output contributes to expanding or improving access to finance for SMEs;
- **Cost effectiveness**: cost-effective proposal, reasonable rates, fair & transparent selection of consultants;
- **Team** quality: relevant competencies, expertise and experience;
- **Additionality**: services cannot be financed from regular operational costs;
- **Sustainability**: sustainable results; the project is embedded within the organization/strategy.