

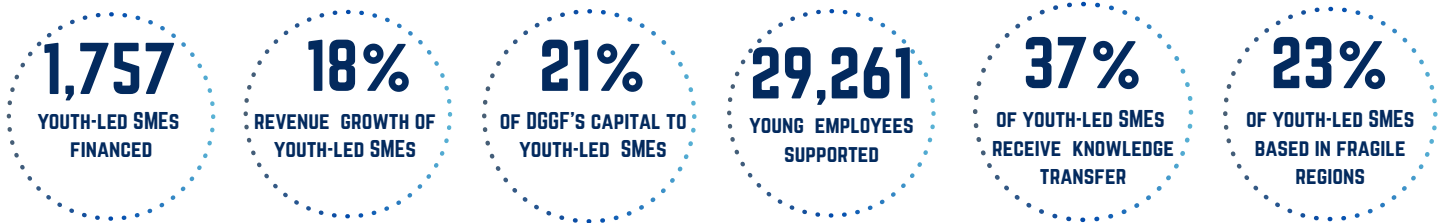
# DUTCH GOOD GROWTH FUND IMPACT NEWSLETTER

TRACK 2 - FINANCING LOCAL SMES



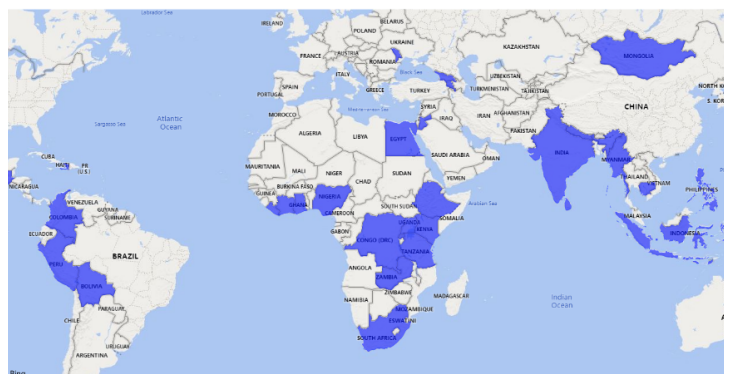
*Nepal Thopa Sinchai, offers effective agricultural services like simple drip-irrigation kits to complete greenhouse solutions.  
Photo Credits: One to Watch*

## IMPACT SNAPSHOT: YOUTH\*



DGGF WANTS TO OVERCOME PARTICULAR DIFFICULTIES FACED BY YOUNG POPULATIONS IN FRONTIER MARKETS. SUCH DIFFICULTIES WE FOCUS ON ARE UNEMPLOYMENT AND OVERCOMING FINANCING HURDLES AS ENTREPRENEURS. DGGF'S WORK HELP CREATES OPPORTUNITIES FOR YOUNG PEOPLE WHERE WE BELIEVE IT IS MOST NEEDED AND CAN NURTURE INCLUSIVE ECONOMIC DEVELOPMENT IN FRAGILE LOCATIONS HARD HIT BY THE COVID-19 PANDEMIC.

## COUNTRIES WHERE DGGF IS FINANCING YOUNG ENTREPRENEURS\*



\*As of EOY 2019

# PORTFOLIO HIGHLIGHTS

## Innovative business models generating a positive impact on women's lives in Myanmar

Entrepreneurship can play a pivotal role in enhancing women's equality in emerging markets such as Myanmar, where micro and small growing businesses are a driver for innovation and economic growth. The [Sasakawa Peace Foundation \(SPF\)](#), in cooperation with investment firm [Emerging Market Entrepreneurs - Myanmar \(EME\)](#), and incubation programme [Support Her Enterprise \(SHE\)](#) examined in [this report](#) the existing gender gaps in Myanmar as well as how innovative business models are instrumental in closing these gaps. They set out to identify women-focused start-ups providing services, employment to, or otherwise benefiting, women in Myanmar.

Three of the companies featured in the report are investee companies of EME, which is supported by DGGFs SC&BD facility. Start-up [Ezay](#) creates economic opportunities for female micro-entrepreneurs by connecting retailers to wholesalers through a digital platform that provides delivery services. More than 95% of Ezay's 2,300 customers are female shopkeepers, all of whom receive digital literacy training to engage with Ezay's platform. Through the services of Ezay, the female shopkeepers can increase sales and generate additional income. [Yangon Broom](#) is an on-demand home and corporate cleaning service providing safe employment to women from Yangon's economically deprived industrial zone, enabling them to earn, on average, twice the minimum wage of garment factory workers. [Kyarlay](#), a specialist baby products e-commerce company, is providing parents same or next day delivery of milk powder, diapers, and other baby products, as well as an online community where parents can learn about childcare from leading pediatricians. By addressing women's economic empowerment these companies are contributing positive impacts toward lives of women and girls.

EME's portfolio, currently consisting of nine companies, is still growing, and EME is working closely with the companies to provide post-investment support to help them scale, raise funds and contribute to positive social and economic change in Myanmar. Within two years after its launch EME has become a leading investor in Myanmar and a global example of how to leverage entrepreneurship to achieve social change in challenging and fragile economies.



*Ezay helps generate more income for female micro-entrepreneurs in Myanmar by connecting retailers to wholesalers.*

## SKLD Integrated Services – spearheading relief supply in Nigeria

One of the more immediate consequences of COVID-19 is its catalyzing effect on the world's most daunting challenges including hunger, health, education, displacement and conflict. The pandemic is a disruptive force on supply chains of products and services. [SKLD Integrated Services](#), headed by Mrs. Temilola Adepetun and part of [Alitheia's](#) fund portfolio, is a Nigerian company that serves as a linchpin in the supply chain of humanitarian relief products. The added market value of her company is needed more than ever.

Originating in 2000 as a 'one-stop' school shop, supplying uniforms and educational apparel, SKLD has now evolved into a leading procurement partner for humanitarian organizations operating in Nigeria. Items supplied to aid organizations include wash and dignity kits made up of reusable sanitary pads, towels, nail clippers, and kettles.

In an effort to control the spread of COVID-19, the Nigerian government has imposed total or partial lockdowns since March, causing restrictions on movement as well as closure of schools. As a response, SKLD began providing direct delivery services to customers and added face masks to its growing list of Store Keeping Units (SKUs).



*Credits: staff SKLD Integrated Services Nigeria*

## Q&A WITH CIPMEN - BUSINESS INCUBATOR IN NIGER



Since July 2020, severe floods have affected nearly 330,000 people across Niger destroying homes and farmland and killing dozens of people. Meanwhile, the country has also been heading towards the national elections in December, a time during which political instability is expected. Compounding these risks, the COVID-19 pandemic still poses threats to SME business operations in Niger.

DGGF reached out to Rouffahi Koabo and Nadia Handou, CEO and General Manager of Center Incubate des Petites et Moyennes Entreprises du Niger (CIPMEN) in Niger, with questions around the challenges and opportunities their incubation programme faces today. Launched in April 2014 through a public-private partnership with different government agencies, CIPMEN is the first business incubator in Niger providing pre-incubation and incubation services to local entrepreneurs and start-ups. In addition, they offer targeted entrepreneurial ecosystem development activities such as their Sahel Innov Project, an initiative bringing together incubators from 9 West African countries, to accelerate the development of high-potential startups in the region. DGGF began its partnership with CIPMEN in 2018 to support 150 qualified youth to master programming languages, artificial intelligence, and blockchain from CIPMEN's IT vocational coding school - CodeLoccol.

### **What has been the status of CIPMEN's business operations during the natural disasters in Niger?**

Although CIPMEN's operations have been ongoing, we lost two vehicles due to severe flooding damage. This included our Codeloccol shuttle bus used to transport students to and from our ICT vocational learning sites. As a result, we had to stop the program for 2 weeks, and we were not able to schedule some of our on-site programming because many of our training sites were also flooded.

### **How have natural disasters in Niger disrupted the way in which you are offering business support services to youth?**

The natural disasters have severely disrupted our service offering. As some of our clients have been heavily affected by the floods, we had to help them evaluate their losses, engage experts to better assess when activities could be relaunched, find replacement programming sites, and link entrepreneurs to new financial opportunities. For these clients, we postponed all their incubation fees as they recover from the financial headwinds of these floods.

### **How may political risk disrupt the way in which you are offering business support services to youth?**

As CIPMEN has been built on private-public partnerships (PPP) with different agencies of the government of Niger, material operational delays are projected to occur during the election season in Niger for 4-6 months. Although some of our support services are not projected to be disrupted regarding the upcoming elections, all PPP-funded programs are. Furthermore, our DGGF partnership supporting our Codeloccol program may also have suppressed participation as we expect many students to be hired by the national Election commission to facilitate the upcoming elections.

### **How do you stay committed to your goal of providing access to business support for youth despite these challenges?**

First of all, supporting businesses will always be our mission. We will remain committed to support early-stage businesses despite national floods, global pandemics, or heightened political risks. However, having support from our partners during these crises remains a huge motivator. Partners like DGGF have not only provided us with training such as their COVID Response Program by the African Management Institute (AMI) to better assess disaster contingency scenarios, but have also been flexible in restructuring our partnership to mitigate disaster losses. As a result, we have been able to transform many of these challenges into opportunities - reimagining our value offering, designing new services, and launching new projects altogether to enable our Codeloccol youth graduates to find work with ICT companies across the Sahel region.

# DGGF IN ACTION

## Navigating due diligence during COVID-19

Whereas DGGF's typical due diligence ("DD") process involves on-site visits, travel restrictions due to the COVID-19 pandemic have hampered our ability to conduct onsite DDs on new investments. At the same time, the pandemic has amplified the social and economic challenges, which gives impact investors an even more critical role to address the consequences of the pandemic. To continue investing and supporting our target markets, DGGF has adapted its DD practices to the virtual environment while striving to maintain the same quality standards.

DGGF has conducted virtual DD with two early-stage venture capital funds in the Middle East and Sub-Saharan Africa, targeted to close in 2021. The typical DD scope was widened to incorporate the effects of COVID-19 on the proposition. In-person interviews and tours of the offices took place online, including online interactions with the fund manager, pipeline companies, ecosystem players and other parties like the Dutch Embassy.

Although virtual DD is unable to fully replace the tried and tested on-site method it can be an adequate replacement when complemented by earlier in-person interaction with the fund manager and DGGF's existing experience with the market. In both propositions that went through virtual DD, the presence of those elements offered us sufficient level of depth and clarity to conclude our assessment. Through these virtual DD exercises, DGGF has developed a tool to determine which propositions are suitable for the virtual process, appropriately prioritizing them in our selection process and continue to invest despite the operational challenges posed by the pandemic.

*Are you interested to learn more about our experiences with virtual DD?*

*Please reach out at [dggfinvestments@triplejump.eu](mailto:dggfinvestments@triplejump.eu)*

## COVID-Relief Fund for Nepalese SMEs

As of August 2020, [NIIC](#) - a fund manager in Nepal and longstanding SC&BD client - has implemented jointly with SC&BD a guarantee scheme to help portfolio SMEs getting much-needed credit from local banks. Nepal has gone through two full lockdowns since the start of the pandemic, with a severe impact on local SMEs.

So far, the scheme has helped three companies unlocking working capital debt. One of these companies - [NTS](#) (picture on first page) - is the only local manufacturer of agricultural solutions, ranging from simple and affordable drip-irrigation kits for small farmers to complete greenhouse solutions for medium- large farms in Nepal. In addition, NTS assists farmers and teaches them how to grow more crops. Overall, the three beneficiary SMEs have preserved 86 jobs thanks to the relief cash injections, out of which 26 are women.

SC&BD support to the pilot guarantee scheme has also been instrumental for NIIC to build experience and raise a larger Covid-relief fund for Nepalese SMEs.



## DGGF & the Youth at Heart Virtual Forum

DGGF focuses on entrepreneurs that play a key role in fostering sustainable local economic development, and in particular young entrepreneurs. Young entrepreneurs in frontier markets face multiple barriers in accessing the required finance that will help them to grow their business. Only by better understanding the resonance of our envisioned impact we are able to support them through initiatives like [DGGF4Youth](#).

The [Youth at Heart Virtual Forum](#) was organized by the Dutch Ministry of Foreign Affairs on 2 November. DGGF encourages voices from the field to help shape its strategy and provide tangible results for the next generation, which is why DGGF participated. During the Forum participants with different backgrounds were brought together in panel sessions and discussion rooms to deliberate on the prospects of youth in Africa and the Middle East, culminating in the launch of the [Youth at Heart Principles](#) as a call to action.

Shortly before the Youth at Heart event, DGGF reached out to one of its inspiring portfolio investees in Egypt. Amr Fawzi, the CEO of GoodsMart, an SME financed by [Sawari Ventures](#), was able to scale up and expand its online grocery delivery service model. Fawzi shares the story of his journey and the success of the company and its colleagues in the following [video](#). Please mind the details and be amazed by their amazing 'floating office' in Cairo!

## DGGF Innovates in Gender Lens Investing

DGGF piloted an innovative incentive mechanism with the specific objective to create positive change for women in one of our latest fund investments in Latin America. The team managing the [Andes Plus Fund I \(APF I\)](#) will be rewarded for working with portfolio companies to achieve greater participation of women as shareholders, women in management positions, women as employees and suppliers, as well as to achieve an improved service offering for women customers. This initiative is at the heart of DGGF's mission to push the boundaries of traditional fund investing in order to create greater impact for disadvantaged groups. The criteria are based on the [2 X Challenge](#) – which is developing into a new standard in the field of gender lens investing. DGGF is making Technical Assistance available to help Andes Impact Partners in their mission.



APF I is a fund that aims to invest in businesses that benefit low-income people in Peru and Colombia, as well as other countries in the region. These are for-profit enterprises that provide goods and services and generate jobs and sustainable incomes for under-served communities by engaging them in the value chain as suppliers, retailers, employees, or consumers. Through a team of field-based professionals, APF I provides mezzanine investment instruments that are tailored to accommodate the situation of each company. They also provide investees with business advisory services and connect them to industry experts.

## Successful pilot versions of ESG Technical Assistance Programs in a virtual setting

In line with the COVID-19 related measures worldwide, DGGF on-site capacity building programs have not been taking place since March. However, rather than postponing these trainings, the DGGF team has adjusted to the new reality and started giving the trainings in a virtual setting.

So far, the ESG team has supported [EIP Levant](#) in Lebanon and [Fidelis Finance](#) in Burkina Faso in a digital setting. Both capacity building programs were well received by fund managers. The flexibility from both DGGF as well as the fund management has contributed to pleasant collaboration thus far.

Three more capacity building programs are scheduled to take place over the coming months: a two-day training to [C4D Partners](#) in late November as well as capacity building programs for [Access Banks](#) and [Silicon Badia](#) between November and February. Although the DGGF team looks forward to being able to continue building relationships and supporting the portfolio in a face-to-face setting, we are glad to be able to support the portfolio in the current, alternative manner.

# LOOKING FORWARD TO 2021

2020 has been an unprecedented and challenging year around the world. The COVID-19 pandemic has also significantly impacted DGGF's portfolio and investment activities.

As the crisis is expected to affect our operating environment well into 2021, we will remain committed to supporting SMEs, and focus on new funds and seed capital initiatives that will help rebuild heavily COVID-affected economies in DGGF [countries](#). It is crucial for DGGF to channel funding where it can make a difference in terms of getting initiatives off the ground. This entails an enhanced focus on access to finance for young and female entrepreneurs, as well as increasing employment opportunities for women and youth, low-skilled workers, and marginalized groups in fragile states.

**In the meantime, the DGGF team would like to wish all our readers a holiday season full of peace, joy and happiness. We look forward to exciting and fruitful engagements and collaborations in 2021!**