

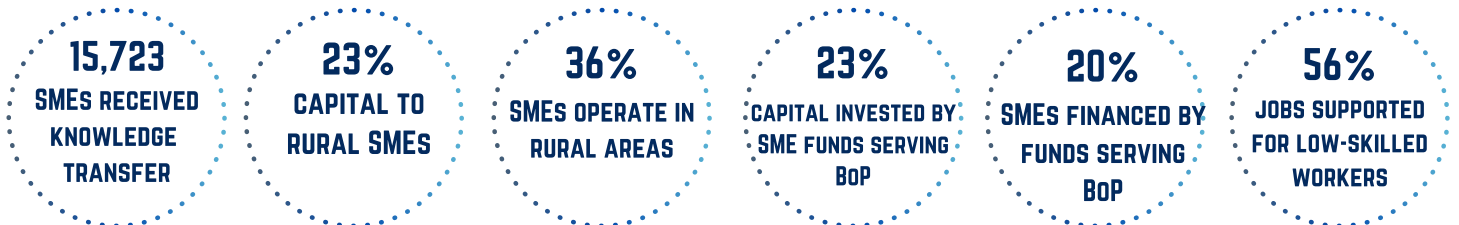
DUTCH GOOD GROWTH FUND IMPACT NEWSLETTER

TRACK 2 - FINANCING LOCAL SMES



Photo credits: Phoenix Foods, portfolio company ALEG

IMPACT SNAPSHOT*



In this newsletter we focus on cases of DGGF's additionality to markets and investees that are moving the frontier finance needle. This value-add takes many forms and might manifest itself in line with our inclusive growth ambitions, as exemplified by Fundación Genesis Empresarial and their rural outreach. In other cases, such as portfolio company DeHaat and Omnivore Partners, we celebrate their success in spearheading agritech as a means for impact.

We measure our impact from an evidence-based approach for tracking and reporting purposes, using indicators of which some are presented above. To give meaning to these figures requires some additional context. 'Knowledge transfer' refers to the transfer of expertise to entrepreneurs by DGGF financed intermediaries. Through this relationship, entrepreneurs increase their knowledge on topics such as financial management, strategy or ESG. BoP stands for Base of the Pyramid, referring to the poorest global socio-economic group living on less than \$2.50 per day. 'Jobs supported' refers to the amount of people employed by the SMEs financed through our intermediaries.

We hope that you will enjoy this read and want to wish you and your loved ones a fantastic holiday season ahead!

ADVANCED PIPELINE

Closing in progress:

ATLANTICA VENTURES FUND

Closed:

INSITOR IMPACT ASIA FUND II

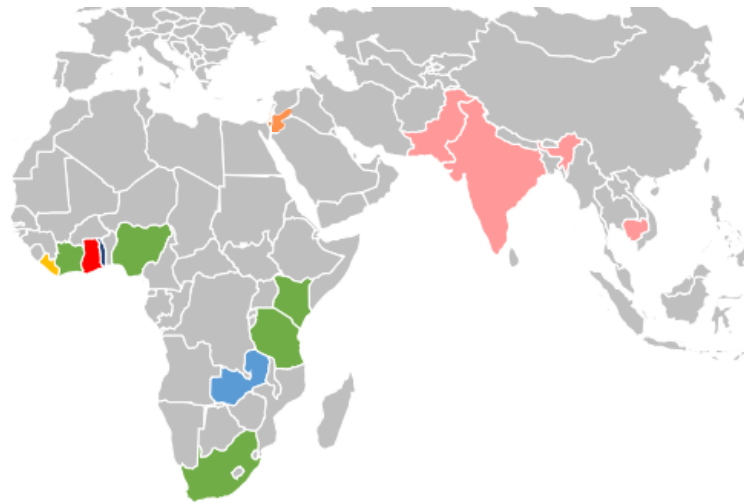
IBTIKAR FUND II

BRIDGE FINANCE GEMINI

AB ZAMBIA

WANGARA

ENERGY GENERATION



DGGF IN ACTION

Funding clients in vulnerable communities in Guatemala

In the heart of Central America lies Guatemala, a country whose economic activity is 99% dependent on the operations of Micro, Small and Medium Enterprises (MSMEs). Yet despite their economic importance, MSMEs in the country struggle to access funding opportunities. According to the SME Finance Forum, Guatemalan MSMEs are estimated to face a USD \$14 billion financing gap[1].

Particularly suffering from a lack of access to capital are women-owned businesses and businesses in rural areas, impeding the country's inclusive growth on the long term. In line with its mission to address these challenges and improve the local MSME environment, in 2017 DGGF chose to partner up with Fundación Genesis Empresarial, a Guatemalan FI. Since then, Genesis is now considered to be a market leader in microlending and has grown to be one of the largest FIs in the region.

What makes Genesis stand out from its peers is its tailor made approach towards loans for underserved communities in Guatemalan society. A significant part of the institution's client base (70%) consists of female entrepreneurs, and loans are provided to businesses in rural areas. In an effort to upscale their businesses, the institution provides guidance to microfinance clients to enter the SME segment and hence put them on a graduation path to access larger loans.



Photo credits: Genesis



Photo credits: Genesis

With support from DGGF, Genesis is developing educational training programs for farmers and piloting the financing of agrivalue chains that directly connect suppliers to buyers. Furthermore, Genesis is an early adapter of fintech solutions to digitize loans for SME clients. These innovative characteristics mark its uniqueness and set the example for like-minded players in the market.

Due to the strong performance of Genesis, DGGF decided in 2021 to renew a USD \$5 million loan to the institution in the firm belief that it will keep contributing to inclusive job growth and systemic change. If you are interested to learn more about Genesis and their clients please follow [this link](#) for a video (in Spanish).

A close-up of the Egyptian Ecosystem: Progress and Opportunities for Impact

Since 2018, DGGF has had exposure in the Egyptian market through its investments in [Sawari Ventures](#) and later on through its partnership with [Silicon Badia](#). Both fund managers aim to invest in tech and tech-enabled companies that create new, innovative solutions which are often run by young entrepreneurs. This way DGGF continues to recognize venture capital (VC) fund managers as solid partners who can strongly support the digital transformation of businesses for post-COVID recovery of the Egyptian economy.

During a recent due diligence exercise by the investment team, the overall progress made in the Egyptian ecosystem could not be ignored. While the ecosystem's existence can be traced back to before the 2011 revolution, it only truly began to grow in 2015. Fast forward to 2021, Egypt is currently viewed to be at its best in terms of tech ecosystem performance: at least US\$791m has been raised by ~318 Egyptian startups since January 2015, approximately 13,000 jobs have been created across 562 different startups and the country is being increasingly viewed as a key VC destination.



Photo credits: Money Fellows, portfolio company Sawari Ventures

However, as DGGF recognizes the big leaps the ecosystem has made in the last few years there is a significant amount of work that remains to be done. Like in most African tech ecosystems, female-led startups in Egypt are in short supply. According to a recent [Disrupt Africa report](#), only 12.5% of Egyptian tech startups are founded or co-founded by a woman. This is a significantly low percentage even when compared to other established ecosystems across Africa. DGGF aims to contribute to creating a more inclusive VC sector in Egypt.

Gender lens investing: a mapping of the DGGF portfolio

One of DGGF's strategic priorities is to provide more financing to female entrepreneurs. Therefore, it is crucial for DGGF to gain a thorough understanding of how to integrate Gender Lens Investing (GLI) into DGGF's portfolio, as well as to get an overview of the needs of DGGF investees. In order to achieve this, specialized consultancy firm [Steward Redqueen](#) performed a portfolio mapping of all DGGF clients, including both financial institutions and fund managers.

The outcomes showed that fund managers are open for improvement in GLI aspects and that they would appreciate assistance from DGGF. On the financial institution side, the analysis found they would also like to improve their awareness and practices in terms of GLI. With this assignment, DGGF has harvested crucial in-depth information on where clients stand in terms of gender awareness, capacity and strategy. The results will feed into a tailor-made GLI Technical Assistance programme being developed in 2022.

DGGF believes that in order to encourage more women to take the entrepreneurial plunge and ensure their access to financing, serious systematic changes need to be made.

To this end, DGGF has begun to pilot minimum targets for new managers with regards to female entrepreneurs' outreach and/or diversity within the team and governance bodies. The fund managers will be supported by the Technical Assistance (TA) team who will take them through the step-by-step process of developing Gender Lens strategies and ensure successful implementation. More on DGGF's gender lens strategy can be found [here](#).



Photo credits: ICODI

PORTFOLIO HIGHLIGHTS

A platform Reducing Rural Youth Unemployment, Increasing Food Security & Deepening Financial Inclusion in Nigeria

Local founding partners Ovo and Ike of [Beta.Ventures](#), a venture capital fund in Nigeria, found that most rural Nigerian youth abandoned their smallholder farms in search of a living wage. This is mostly caused by the dwindling agricultural sector in Nigeria, as well as other contributing factors such as low income due to low productivity by rural smallholder farmers, armed conflicts, and lately, climate change.

Through Beta.Ventures Ovo and Ike wanted to help. The solution would be to find companies that worked to increase the productivity and thus the income of rural smallholder farmers. Unable to find existing entrepreneurs filling this gap, Beta.Ventures took the initiative to set up *Produce Africa Technologies* in 2021, an end-to-end agtech company. With founding partners such as the Nigeria's largest fertilizer blending company, a 250-truck logistics company, a 260K ton silo storage operator, and [AjoCard](#), *Produce Africa Technologies* integrates its partners' specific competencies towards the integrated production of essential cash crops in partnership with smallholder farmers.

In its first year alone, the company has nearly 5K smallholder farmers cultivating maize, rice, soya and cowpeas on ~6K hectares of land. The farmers have been shocked to realize their yield per hectare has tripled.

Through such partnerships that empower local smallholder farmers and their communities, Beta.Ventures is making the business case to convince young people of the livelihood that can be made through AgTech. DGGF's SC&BD facility supports Beta.Ventures since 2020.

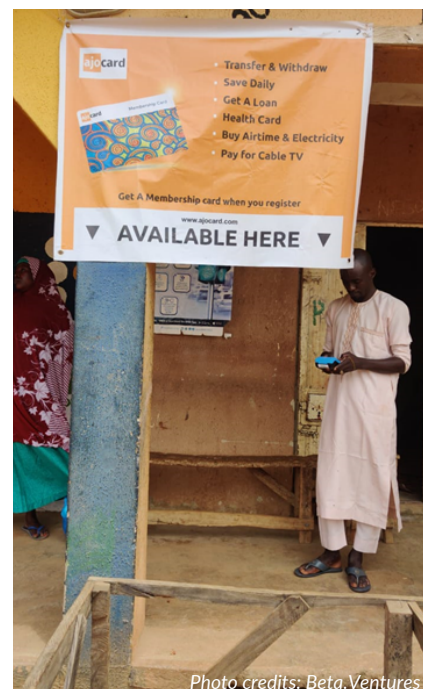


Photo credits: Beta.Ventures

Supporting young entrepreneurs in Africa to develop local solutions

DGGF's Seed Capital and Business Development (SC&BD) facility supports [Energy Generation](#), a pan-African entrepreneur support organization (ESO) based in Togo, in generating more scalable businesses that provide access to products and services to poor populations and create jobs, while preserving the environment.

Energy Generation (EG) attracts young innovators from across the continent who develop local solutions to address poverty challenges in energy, agriculture and health and support them in turning their solutions into scalable businesses. By applying a hybrid incubation model, EG is able to meet young and innovative entrepreneurs where they are and equip them along the early-stage spectrum of enterprise development.

Besides the direct impact of job creation expected by growing revenue-generating businesses, EG and the entrepreneurs are bringing energy solutions to rural areas, reducing energy and food insecurity and improving health, while increasing the share of renewable energies and reducing CO2 emissions.



Photo credits: Energy Generation

Portfolio companies of EG have developed solutions such as a device that captures and transforms humidity in the air into clean drinkable water, innovative processing of dates into honey, cassava-based ethanol, a mosquito repellent system kit and a solar powered box that provides access to educational content.

Celebrating successes in the portfolio: Crehana and DeHaat

A cornerstone of the DGGF investment thesis is to demonstrate that commercial can go hand-in-hand with creating development impact in nascent markets. By taking smart investment decisions and supporting companies early in their growth phase, DGGF managers contribute to SME success stories in exceptionally challenging contexts. Despite facing enduring shocks due to COVID-19, there are many entrepreneurs that show resilience in the portfolio. We would therefore like to highlight the successful milestones of two DGGF investees: Crehana in Peru and DeHaat in India.

Crehana is an online learning platform and community that allows students to get access to education, and develop creative and digital skills through online project-based courses. ALEG, partner of DGGF in the Latin America (LATAM) region, was one of the first institutional investors in the company which, since 2019, has grown from 450k to 5.5M students and created 200 new jobs. The achieved impact goes hand in hand with commercial success: Crehana's value increased and in 2021, ALEG sold part of its participation to a private investor. Investors' confidence in Crehana is solidified by the mission to break down traditional barriers in education by offering tech solutions for the mass market, and therefore well aligned with DGGF's ambitions on inclusive growth.



Photo credits: DeHaat/Omnivore Partners

DeHaat is a portfolio company from the Omnivore II fund, a DGGF investee with a focus on agricultural innovation in India since 2018. DeHaat, an Omnivore portfolio company since 2019, means 'village' in Hindi and offers a platform to farmers with full-stack services that address some of the most pressing challenges in the sector.

DeHaat's exceptional impact is constituted by convening different parts of the value chain, securing input items like fertilizers and currently providing services to over 520,000 farmers. Their impact model was rewarded with commercial success in October this year, when DeHaat managed to raise the largest funding round for an agritech startup in India ever, which the company plans to use to further expand across major agricultural clusters in India.

Would you like to know more about DGGF and the countries in which we operate?

Please contact us at: dggf@nl.pwc.com

Triple  Jump

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Photo credits: The Orchards, South-Africa - Gender lens investing