



Dutch Good Growth Fund

Notice proposed transaction 20181102 Genesis

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Taking into account the provisions for governing bodies that apply under the 'Freedom of Information Act' ('Wet openbaarheid van bestuur') and the 'Data Protection Act' ('Wet bescherming persoonsgegevens'), the Fund Manager of the DGGF part 'Financing local SMEs' will publish its anticipated transactions.

Views

Parties can express their views on the proposed transaction to the Fund Manager by contacting dggf@nl.pwc.com within 30 days after the publication date of the notice. After the transaction has been closed, or after it has become clear that the transaction will not take place, the Fund Manager will respond as soon as possible to these Parties concluding on the expressed views by these Parties.

Description (English)

Part of DGGF

Financing Local SMEs

Name of Financial Institution (FI)

Fundación Génesis Empresarial ("GENESIS") is a NGO specialised in lending to microenterprises and SMEs in Guatemala, headquartered in Guatemala City, with almost 100 branches across the country.

Domicile FI

Genesis is domiciled in Guatemala.

Nature of the activities of the FI

GENESIS is an independent NGO founded in 1988, providing loans to microenterprises and SMEs. The institution has clear social objectives reflected in the market served (87% rural) and its well-implemented educational program. Genesis has a portfolio is around USD 140 million (as of August 2018) and serves 115,000 clients, of which 70% women. The institution has been working on its strategic plan to increase its SME portfolio.

Size of proposed investment

DGGF will provide a loan to Genesis in local currency, equivalent to USD 5 million. The loan comes in addition to the outstanding exposure of USD 5 million to the institution (disbursed in August 2017).



Intended transaction date

The Fund Manager aims to close the agreement with Genesis in the fourth quarter of 2018.

Expected financial results

A positive financial return on the investment is expected.

Expected impact

DGGF's loan to Genesis' focuses on supporting the development of smaller SMEs with loans up to around USD 40k. Despite an active financial sector in Guatemala, this particular market segment is underserved by both MFIs and banks in the country. DGGF's first loan to Genesis has been fully deployed and is financing approximately 580 SMEs, 35% of which are women owned and 40% of which are owned by young entrepreneurs. Through the DGGF TA program the set-up of specialized SME training centers was supported.

ESG compliance

Genesis applies ESG policies in its processes with respect to exclusion screening. Genesis has committed to further strengthen its internal processes by incorporating assessment of environmental, social and governance risks and providing additional ESG trainings for its staff.

Tax compliance

Genesis is domiciled in Guatemala. As a non-profit institution, Genesis is exempt from paying corporate income tax. The institution lends to SMEs located in Guatemala. Genesis is not making use of artificial constructions to lower its taxation or the taxation of the SMEs which it finances and DGGF's investment conditions focus on ascertaining this. The institution requires SMEs that it finances to comply with local laws and regulations, among others those in respect of tax. DGGF will actively monitor whether Genesis meets its ongoing tax obligations and act in accordance with the DGGF tax criteria.