



Dutch Good Growth Fund

# Part: Financing local SMEs

*Seed Capital and Business Development Programme*

A programme by the 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)

To enhance the chances of young and first-time entrepreneurs operating in migration-prone areas and improve the conduciveness of their operating ecosystems, the [Seed Capital and Business Development \(SC&BD\) facility](#) seeks to support local

capacity building initiatives and improve their quality, accessibility and affordability.

## Incubation & ecosystem support

Entrepreneurs – especially young<sup>1</sup> and first-time entrepreneurs – face many challenges in growing their businesses, which often go beyond the struggle to gain access to adequate finance. The number of questions and options they encounter on a daily basis when running their business can be overwhelming. Having access to knowledgeable and reliable resources, networks and exposure that will guide their decision-making process is thus critical to navigate the unknown entrepreneurial journey.

The problem is that these elements are often out of reach for young and first-time entrepreneurs. Some entrepreneurial ecosystems are still developing, resulting in a very limited offer of professional and affordable capacity building services for local

entrepreneurs. They also often have little linkages with other ecosystems, which could offer valuable connections for local entrepreneurs with potential customers, business partners and investors. This significantly inhibits opportunities to start and grow a sustainable business in the entrepreneur's country of origin.

The SC&BD facility focuses on supporting these initiatives address one or more of the following – interrelated – fundamental challenges faced by young/first-time entrepreneurs:

- **Little understanding** of target customers' demand and markets
- **Restricted capacity** to define a clear and unique value proposition addressing identified demand
- **Low financial literacy and capacity** in financial administration (e.g. bookkeeping, cash flow management)
- **Narrow awareness** and understanding of financing products for business growth.

#### Scalable and sustainable proposals

The efficiency of the service delivery depends greatly on the capacity of local initiatives to spur scalable and sustainable models that foster growth and investment readiness of enterprises led by young/first-time entrepreneurs operating in migration-prone areas. This is the type of initiatives the SCBD facility targets.

#### Application process

Interested parties are invited to send their pitchbook to [dggf@nl.pwc.com](mailto:dggf@nl.pwc.com) with the subject line 'Ecosystem support'. The pitchbook should provide insight on:

- Target entrepreneurs;
- Geographic focus;
- Service offering and activities (incl. cost efficiency);
- Additionality in the market;
- Embedment in the local entrepreneurial ecosystem including clear connection with the financial sector;
- Feasibility and sustainability strategy;
- Team's track record, level of professionalization, and commitment/ownership.

The applicants with the most convincing ideas will be invited to elaborate their proposals for funding support.

#### Selection process

Selection will be conducted by an expert committee based on strategic fit and feasibility of the proposals.

#### Strategic fit

- Initiative is based in one or more [DGGF countries](#);
- Target group (missing middle; target groups, underserved market).

#### Feasibility

- Team has relevant experience.