



Ministry of Foreign Affairs of the Netherlands



Pisam Oasis Capital

Knowledge Transfer Deep Dive

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ACRONYM	DEFINITION
DGGF	Dutch Good Growth Fund
DFI	Development Finance Institutions
DIM	DGGF Impact Monitor
ESG	Environmental, Social, and Governance
ESO	Entrepreneur Support Organisations
FIs	Financial Institutions
LPs	Limited Partners
MDB	Multilateral Development Bank
MFA	Dutch Ministry of Foreign Affairs
PE	Private Equity
SME	Small and Medium Enterprises
TA	Technical Assistance
ToC	Theory of Change
VC	Venture Capital



1. Introducing the importance of knowledge transfer

1. Introducing the importance of knowledge transfer

Fund manager expertise drives SME performance alongside capital

The Dutch Good Growth Fund (DGGF) is an investment fund commissioned by the Dutch Ministry of Foreign Affairs (MFA) to stimulate sustainable economic growth and entrepreneurship in developing and emerging markets. The fund operates through three focus areas¹, one of which adopts a fund-of-funds model, under which DGGF's Track 2 focuses on financing local SMEs. Through this approach, DGGF aims to address the financing gap faced by SMEs, often referred to as the 'missing middle': SMEs that lack a convincing proposition for mainstream investors, often due to a combination of their small size and high risk. Greater access to finance enables these local enterprises to grow and contribute to sustainable development, the financial ecosystem, and better markets worldwide.

Beyond financial support, DGGF also relies on non-financial support, such as the transfer of knowledge from DGGF and its investees to SMEs. Fund managers are observed to focus on, and provide, more value-added services to SMEs than financial institutions. This is also reflected in DGGF's investment thesis, which deliberately selects fund managers that prioritise a 'hands-on' approach to their engagement with their portfolio companies. Accordingly, this study focuses only on the practices of fund managers within DGGF's portfolio.

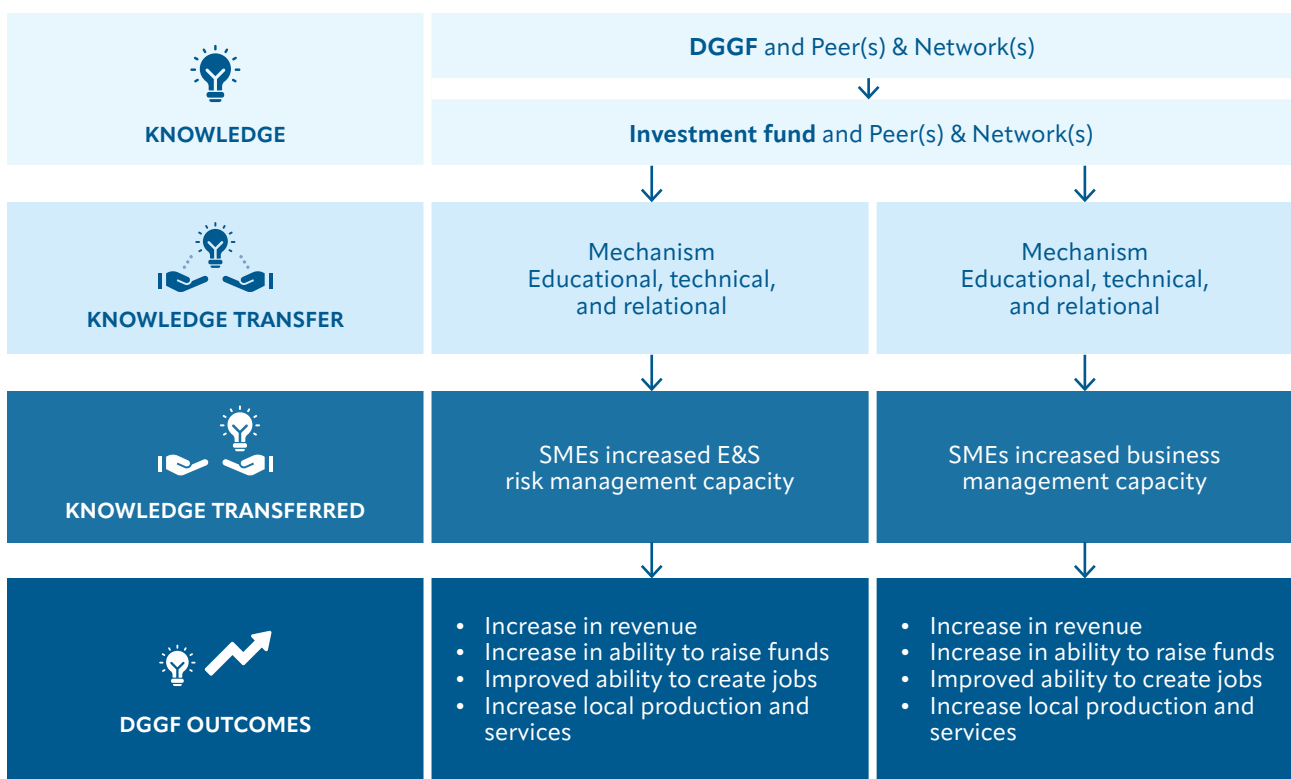


Figure 1 Schematic of DGGF ToC-aligned pathways of knowledge transfer from DGGF to the SME's

1 DGGF consists of three tracks: (1) investment in Dutch entrepreneurs, (2) financing for local SMEs, and (3) export support for Dutch entrepreneurs.

Objective

This Deep Dive aims to surface SME-level insights to understand how knowledge transfer from DGGF's funds has contributed to the systemic outcomes for SMEs, as outlined in DGGF's Theory of Change (ToC). This Deep Dive does not intend to serve as a comprehensive evaluation of knowledge transfer. Rather, by purposefully narrowing its focus to SMEs that have already demonstrated a positive contribution to these outcomes, it sheds light on common patterns underlying their success.

In the past, knowledge transfer has been traced top-down from DGGF to the fund level. However, the transfer of knowledge from funds to SMEs, its means and impact, has remained unclear. This Deep Dive therefore adopts a bottom-up approach, focusing on how SMEs learn through their engagement with their fund managers. By leveraging a survey and multiple interviews with selected SMEs and fund managers, the study answers the main research question: *To what extent do knowledge transfer activities implemented by DGGF's investee funds contribute directly to SME performance and indirectly to sustainable and inclusive economic growth²?*

Types and pathways of knowledge transfer

To trace the types of knowledge transfer and pathways identified within the DGGF portfolio from funds to their SMEs, and to assess their contribution to those SMEs' outcomes, we use a delivery mechanism-based typology. This typology groups similar knowledge transfer activities present in the DGGF portfolio, captures both formal and informal ways of sharing knowledge, and allows us to compare knowledge transfer practices across DGGF funds.

In line with the study's methodology³, we also differentiate between two subjects, based on DGGF's ToC, on which the knowledge transfer focuses: E&S risk management and business management. Improvements in capacity in these two subjects are then traced to four key indirect outcomes in DGGF's ToC ([Figure 1](#)).

KEY DEFINITIONS



Knowledge refers to practical, experiential, technical, managerial, and strategic know-how that supports decision-making and execution within organisations.



Knowledge Transfer is the process by which knowledge is shared between actors, such as from fund managers to SMEs, or between SMEs, through both formal and informal mechanisms.



Transferred Knowledge is delivered through capabilities, practices, strategic guidance, and experience, as well as introductions to relevant networks and partners, and contributes to tangible improvements in how SMEs operate, decide, and grow.



Early stage companies⁴ are defined in this study as those companies that received either early-stage equity financing, or venture debt from funds.



More mature companies are defined in this study as those growth or scale-up companies that have received private equity, private debt, senior debt, quasi-equity, mezzanine financing or other non-venture instruments from funds.

2 Sub-research questions are listed in Appendix A.

3 The full methodology can be found in Appendix B.

4 Companies were categorised as early stage or more mature based on underlying portfolio data from DGGF.

DELIVERY MECHANISMS OF KNOWLEDGE TRANSFER	TYPES OF KNOWLEDGE TRANSFER ACTIVITIES
<p>Educational</p> <p>These types of knowledge transfer are dedicated learning events delivered by subject matter specialists, with the direct goal of building the capacity of participants on subject.</p>	<ul style="list-style-type: none"> • Short lecture (few hours) • Intensive workshop (few hours or days) • Extended learning course (multiple occasions or weeks)
<p>Technical</p> <p>These types of knowledge transfer are collaboration exercises or assets with the benefit of learning and capacity building for the SME and its staff.</p>	<ul style="list-style-type: none"> • Standard resource sharing (e.g. toolkits, playbooks, SOPs) • Standalone technical assistance from external consultant • On-going thematic business support from investor
<p>Relational</p> <p>These types of knowledge transfer are personal interactions with knowledgeable partners, with the benefit of learning and capacity building for the SME and its staff.</p>	<ul style="list-style-type: none"> • Mentorship and/or coaching from investor • Advice through formal Board or Committee involvement • Peer-to-peer knowledge sharing • Networking event

Table 1 Types of knowledge transfer activities and delivery mechanisms



2. Bridging the SME capability gap

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SMEs value knowledge that strengthens organisational maturity and drives their ability to scale

SMEs need specialised knowledge and skills to grow and professionalise. This section highlights how expertise shared by fund managers - through technical guidance, business advice or personal interactions - helps address capability gaps and boosts SME performance.

SMEs are specialists in their subject matter but need to develop their business skills

SMEs often excel in their product, service, or technical fields but encounter capability gaps when aiming to expand and professionalise their business operations. Surveys and interviews indicate that their knowledge needs are concentrated in business-building areas such as strategy, governance, leadership, scaling operations and market navigation.

SMEs consistently highlighted that, alongside financial investment, capacity-building support related to business management is one of the most valuable aspects of their partnership with fund managers (see [Figure 2](#)). While environmental and social (E&S) risk management capabilities also almost always improved, knowledge transfer aimed at business management capabilities was more sought after. SMEs found it more impactful in contributing to their success, particularly in their ability to raise funds and create jobs (see [Figure 3](#)).

In interviews, many SMEs noted that, while they were highly specialised in their industries, such as biotechnology or digital pathology, the fund manager's expertise in business development provided essential support in scaling their companies. Businesses particularly appreciated strategic advice regarding strategy, talent acquisition and organisational improvement.

Changes resulting from knowledge transfer

Knowledge transfer across all mechanisms covers a highly diverse range of topics, including governance, strategy, risk identification, marketing and branding, taxation, operational procedures, financial planning, monitoring, HR, reporting, data quality and privacy, fundraising, sales, management practices and company culture.

Many SMEs can directly link improvement in E&S and business management capabilities to knowledge transfer activities, and, in turn, to improvements in outcomes. For example, Lupiya, a digital financial services platform, improved its E&S risk management capacity by defining ESG and impact goals with technical guidance and ongoing support from Alitheia through their dedicated ESG expert. This support led to the development of clear ESG and impact goals, stronger risk and credit management frameworks, and more granular tracking of impact metrics, such as women-led SME financing, employment creation, and household savings. As a direct outcome of these improvements, Lupiya was able to secure a credit guarantee, enabling targeted lending to SMEs, with a particular focus on women and youth.

Other concrete and impactful results of knowledge transfer activities shared by SMEs include: the creation of Equal Hiring and Pay Equity policies; Workplace Sexual Harassment Prevention Committee; AML/CTF requirement implementation; Supplier Code of Conduct; Baseline OHS risk assessments; improved device and user safety; new senior hires; risk-integrated decision-making processes; new data systems; creation of a data lake; reporting infrastructure; cross-department governance mechanisms; and improved financial discipline and resource allocation.

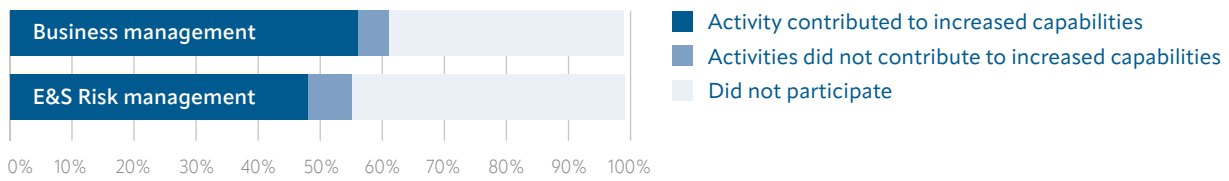
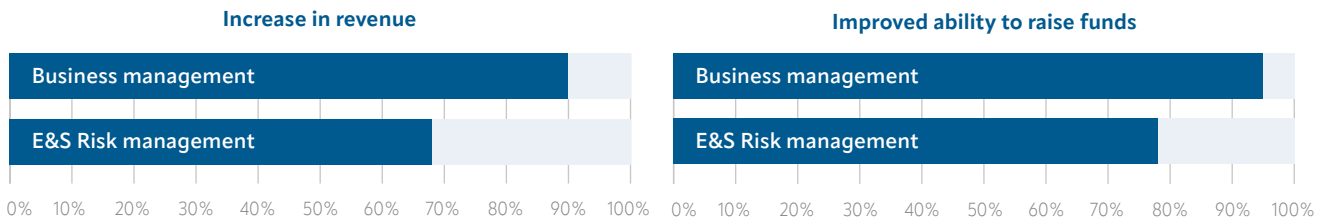
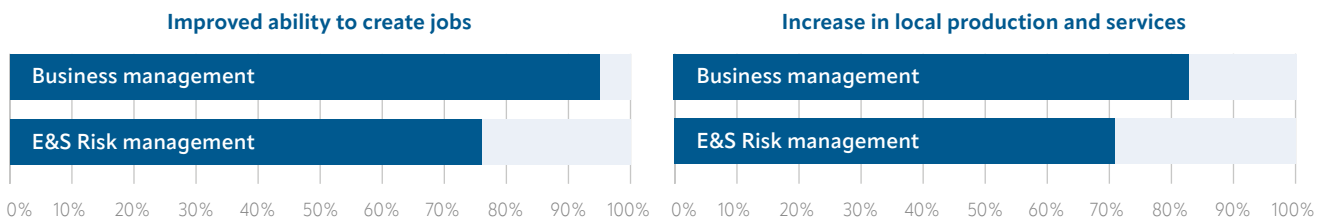


Figure 2 SMEs find business management related knowledge transfer activities contribute more to their increase in capabilities. (Source: Deep Dive survey)



Share of surveyed SMEs reporting an increase in E&S or business management capacity contributed to an increase in revenue

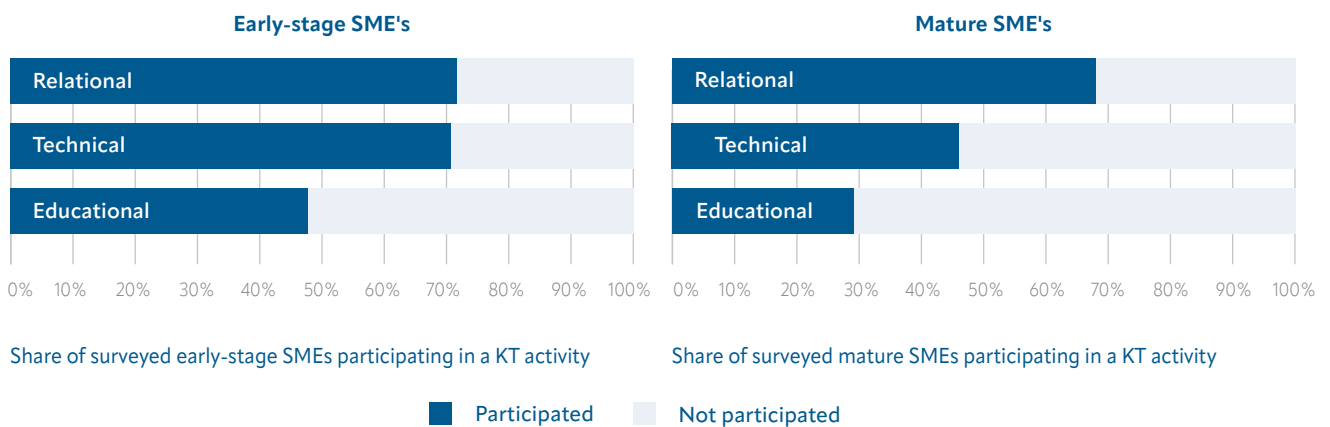
Share of surveyed SMEs reporting an increase in E&S or business management capacity contributed to improved ability to raise funds



Share of surveyed SMEs reporting an increase in E&S or business management capacity contributed to improved ability to create jobs

Share of surveyed SMEs reporting an increase in E&S or business management capacity contributed to an increase in local production and service

Figure 3 Increase in business management capacity is perceived to contribute most to positive SME outcomes (Source: Deep Dive survey)



Share of surveyed early-stage SMEs participating in a KT activity

Share of surveyed mature SMEs participating in a KT activity

■ Participated ■ Not participated

Figure 4 Early-stage SMEs participate more frequently in all types of knowledge transfer mechanisms than mature SMEs (Source: Deep Dive survey)

As SMEs grow, relational knowledge transfer remains the most impactful

SMEs have different knowledge needs depending on their stage of development, capacity, and operating environment. The survey shows that early-stage SMEs participate in knowledge-sharing activities more often than more mature companies and find these activities more useful for their capacity development (see [Figure 4](#)). This pattern holds across E&S and business management skills, as well as educational, and technical knowledge transfer activities.

At the same time, the perceived benefit of relational knowledge transfer remains the highest for SMEs at all stages of their growth. This suggests that more mature firms may have already internalised E&S and business management capabilities but continue to derive value from relational and network-based support (see [Figure 5](#)).

Testimonies on relational knowledge transfer

"The most useful knowledge transfer activity on business management capabilities that our company participated in was the strategic business planning and financial management discussions and mentorship sessions done by the fund manager's team. This activity was especially valuable because it helped us strengthen our strategic thinking, budgeting processes, and performance monitoring systems. The practical tools and expert insights shared during the session enabled us to align our business goals with actionable plans, improve our financial discipline and make more informed, data-driven decisions."

- **HROne (Insitor)**

"The most useful knowledge transfer activity was the ongoing thematic business support and board-level engagement from the investor. Through consistent interaction and strategic guidance from the fund manager, the company has benefited from practical insights on business planning, governance, and operational efficiency. The investor's input at the board level has supported management in refining growth strategies, improving financial oversight, and enhancing internal coordination. This ongoing mentorship and engagement have contributed to tangible improvements in strategic decision-making and organizational alignment, helping the company better manage its expansion and strengthen overall business performance."

- **Jetstream (Alitheia)**

Case Study: The evolving needs of SMEs

String Bio, a deep technology company based in India, has a seven-year relationship with its investor, Ankur. Ankur participated in the company's early-stage investments, contributing to both the first funding round from its initial fund and a subsequent round from the second fund.

In its initial growth phase, String Bio engaged extensively with Ankur on business discussions centred on strategic direction, competitiveness, and day-to-day operational challenges. The relationship was highly collaborative, with near-daily interactions involving a partner from the fund, who was even invited to participate in negotiations on behalf of the company.

Over time, String Bio expanded significantly, building strong operational teams, maturing its product, opening a large manufacturing facility and growing to over 300 employees, with a nationwide presence across India. As the company matured beyond its start-up phase, the nature of support evolved accordingly. Over the past two to three years, engagement with Ankur has shifted to focus on strategic guidance rather than operational matters.

Recognising the company's transition into a new growth phase, Ankur introduced an experienced external advisor to support String Bio, particularly in sales, marketing, and business strategy. The founder of String Bio noted: *"I work with him very closely. He is phenomenal, 10 out of 10 in my book. He helps us to drive strategy, helping me think through scenarios and make changes."*

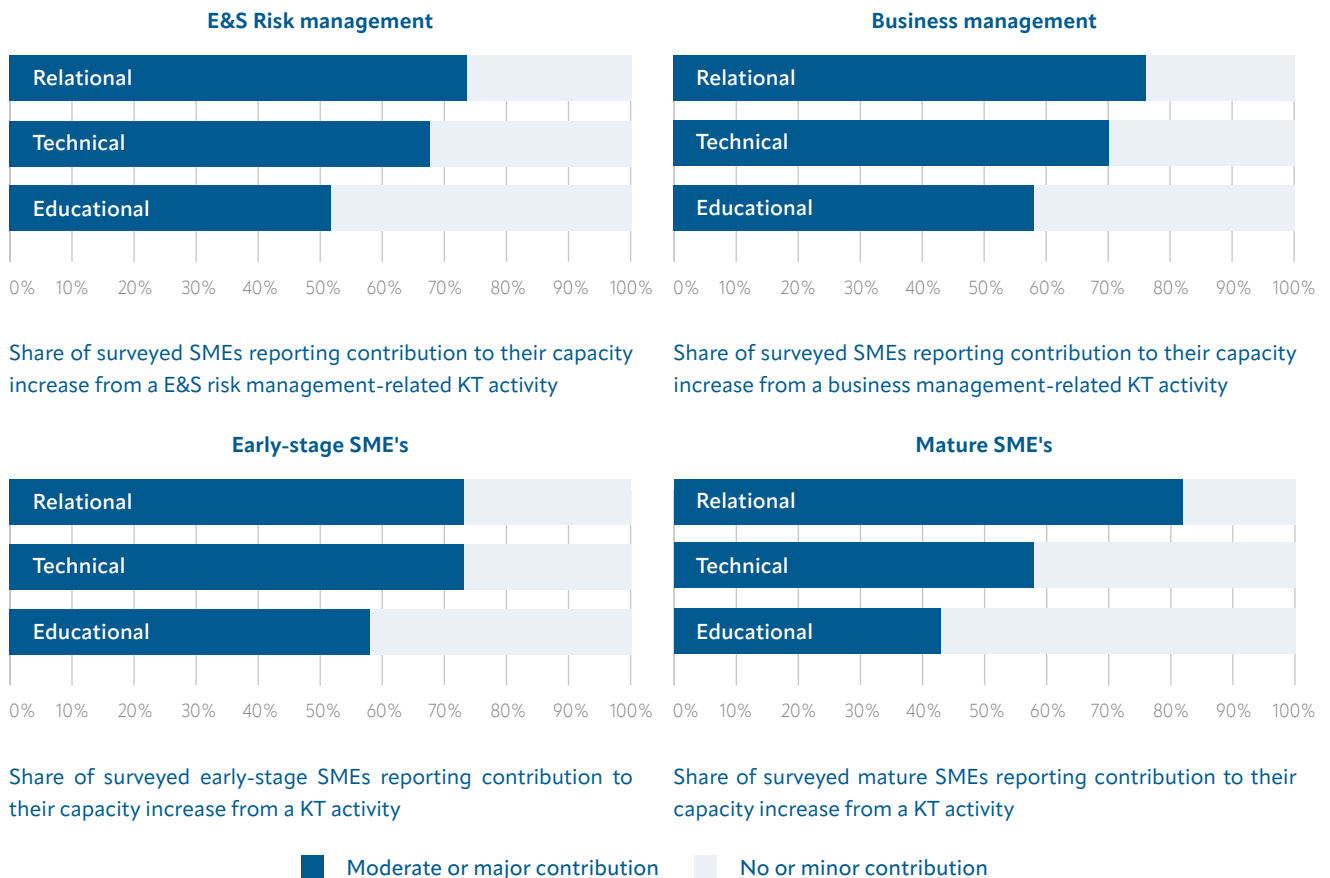


Figure 5 Relational knowledge transfer is perceived to be the most impactful across knowledge areas and SME-stages (Source: Deep Dive survey)

Testimonies on peer-learning and networking

"Peer-to-peer knowledge sharing is the most effective means of creating the discipline and culture."

- **Goldfin (Insitor)**

"We have not yet participated in any formal knowledge transfer activity, but we regularly seek to learn from best practices in governance, compliance and impact shared by other portfolio companies and industry peers."

- **Prestamype (Salkantay)**

"Networking events have always brought good partners to improve our business."

- **FinMaq (ALIVE)**

"Peer-to-peer knowledge transfer activity has worked for us - this has led to pooling of expertise among team members."

- **UC Inclusive Capital (Insitor)**

"Networking events and workshops were invaluable for learning how peer companies tackle these challenges and for distilling best practices."

- **Moonflow (Salkantay)**

SMEs' benefit greatly from their relationship with peers within the portfolio and beyond

SMEs across all maturity stages find relational knowledge transfer the most beneficial mechanism for building their capacity. Across the board, SMEs identify advice through formal board or committee involvement as the most impactful form of support, closely followed by peer-to-peer knowledge sharing. Overall, SMEs reported that relational knowledge transfer activities most frequently made a major contribution to increases in their capacities.

Technical knowledge transfer was regarded as more impactful in contributing to E&S risk management capacity building than in building business management capabilities. It is worth noting that three out of the four most impactful activities in both areas relate to direct engagement with the investor. The investor-investee relationship is therefore fundamental, but it is also significantly complemented by the ability to engage with peers. Only after peer and investor relationships does the role of external consultants, educational training, or resource-based support become apparent.



Figure 6 Ranking of knowledge transfer activities aimed at increasing E&S risk management and business management capabilities, with relational mechanisms ranked the most impactful, according to surveyed SMEs (Source: Deep Dive survey)

Many companies highlighted peer engagement as the most impactful activity. One company wrote that “the peer-to-peer format was most useful because it provided directly applicable, market-validated know-how to overcome both commercial and E&S risk management obstacles, significantly accelerating [their] ability to establish the digital pathology ecosystem in Morocco”. Interviews further confirmed the importance of peer learning and networking, resulting in introductions that unlocked new partnerships, expertise and sales opportunities. In some cases, companies were even able to identify the direct contribution of a new connection to improvements in efficiency or financial outcomes.



3. Differentiating how fund managers deliver knowledge

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Fund managers apply distinct approaches to support SME growth

Whilst SMEs consistently demonstrate a keen appetite for knowledge, fund managers are equally committed to addressing these requirements. Yet the manner in which fund managers deliver knowledge transfer varies considerably, with each adopting a distinctive approach and 'signature' to support SME growth.

Fund managers have their own signature way of applying knowledge transfer tools

Most fund managers deploy all the surveyed types of knowledge transfer activities and therefore operate with a broadly similar 'toolbox' for knowledge transfer. At the same time, each fund has developed its own distinctive way of deploying these tools. The unique combination of tools, approaches, and priorities when delivering knowledge transfer has formed distinctive 'knowledge transfer signatures'.

Case study: The signature use of relational knowledge transfer by fund managers also shapes the relationship with SMEs

Although relational knowledge transfer is one of the most common forms of knowledge transfer among DGGF funds, the way different funds deploy it varies considerably.

- 1. One fund manager** applies a structured, multi-layered model in which associates handle informal touchpoints, such as monthly reviews which, despite their informal label, follow defined KPIs. Fund managers and associates also convene separately to align on how to guide each company. These represent deliberate layers in which the company is not present at every discussion.
- 2. Another fund manager** applies an informal, ad hoc style that is often founder-initiated, taking the form of real-time strategic sparring and direct outreach at the moment a challenge arises. An example is a spontaneous four-hour call between the fund manager and a portfolio company the day prior to the interview.

The first takes a layered approach, which is hierarchical and deliberate, with guidance flowing through the defined roles within the fund structure. The second operates in a more bilateral way, resembling a direct and open network in which support moves instantly between founder and fund manager, unrestricted by process, roles, or schedule.

These differences in approach shape the relationship with SMEs. The absence of formal structure creates a more all-encompassing relationship that can border on genuine friendship, with several investees describing the second fund manager as a quasi-teammate. In contrast, companies working with the first fund manager more often link specific outcomes to distinct interventions, such as measurable improvements in their E&S capacity.

Across these approaches to knowledge transfer, fund managers do not typically monitor, or measure transferred knowledge as a distinct activity. Instead, its effectiveness, or any gaps therein, is assessed implicitly through existing investment management practices, such as KPIs and ESG-related metrics. As a result, knowledge transfer is embedded within broader assessments of company progress and risk management, rather than being captured through dedicated indicators or standalone monitoring frameworks.

Interviews reinforced the distinction of different 'knowledge transfer signatures', revealing considerable variation in structure, communication, delivery, and frequency, in the ways in which fund managers engage with portfolio SMEs, even when using comparable knowledge transfer tools. The variation is especially significant in the use of relational knowledge transfer activities, which are considered the most impactful by SMEs across the board. This also demonstrates the benefits of tailored approaches that align with fund characteristics as well as the needs of their investees. For example, board involvement can range from a highly structured mechanism with periodic reviews and action plans to a more informal approach based on ad hoc advice and strategic discussions through instant messaging apps. Both approaches support the SME, yet they illustrate different intensities and signatures of knowledge transfer.

It is also worth noting that fund managers typically do not track or monitor their knowledge transfer activities explicitly but instead rely on indirect feedback on the efficiency and effectiveness of their support through the trends emerging from SME KPIs and ESG metrics.

First-time fund managers use relational tools just as effectively as experienced ones

SMEs view relational knowledge transfer from first-time fund managers as almost equally effective in increasing their capacity as that provided by more experienced managers. Evidence suggests that, as fund managers gain experience, meaningful lessons are also learned through their close engagement with companies, based on the interpersonal relationship between the company and the investor.

Although experienced fund managers may have more resources and larger teams to support knowledge transfer tools, companies generally do not perceive greater benefits from their investor relationships compared to those working with first-time fund managers (see [Figure 7](#)).

Experienced fund managers' knowledge transfer signature is more complex and layered

On average, SMEs working with experienced fund managers report that knowledge transfer activities contribute more significantly to their skills development than those supported by first-time fund managers. However, the difference is most pronounced for technical and educational knowledge transfer mechanisms. The greater internal capacity, typically driven by both experience and fund size, enables experienced fund managers to combine more effectively all three types of knowledge transfer mechanisms, which they then deploy across most of their portfolio companies. Interviews with experienced fund managers revealed that they had learned from previous funds and had the opportunity to test and refine their knowledge transfer signature, as well as how they leverage each tool at their disposal.

Case Study: A first-time fund's signature is also shaped by the market in which it operates

Azur's knowledge transfer signature is shaped by its position as one of Morocco's few VCs, pushing it to act as a VC ecosystem builder as much as an investor. As a first-time fund manager, operating in a market with relatively few VC funds, Azur uses a knowledge transfer approach built on hands-on, day-to-day support and leveraging of its network.

Azur relies heavily on facilitating networking touchpoints, such as monthly networking breakfasts and peer-to-peer problem-solving sessions, to fill gaps that a more developed ecosystem would otherwise provide in the country. As the fund is well connected in Morocco, it gives founders access and credibility. The result is a knowledge transfer signature shaped by the Moroccan ecosystem, where close-knit networks and founder-to-founder connections are among the most important channels through which knowledge is transferred.

Testimonies on relational knowledge transfer from first-time fund managers

The most useful knowledge transfer activities were “networking events that gave us the opportunity to connect with leading minds in the entrepreneurial ecosystem and exchange insights on various business management topics.”

- Agenz (Azur)

“Discussions focused on business planning and governance were the most useful. They helped us strengthen strategic alignment across countries, improve internal reporting, and adopt more structured management practices as we continue to scale.”

- Galgo (Salkantay)

“The most useful knowledge transfer activity has been the recurring calls with investors. These conversations have provided valuable insights into strategic planning, financial discipline, and operational prioritisation, helping us strengthen internal decision-making and align our execution with best practices from other portfolio companies.”

- Aprende (Salkantay)

“The company benefitted by gaining strategic direction and valuable guidance from investor mentorship, improving governance and decision-making through board involvement, and enhancing operational efficiency and innovation through peer-to-peer knowledge sharing and collaboration.”

- SiWare-NeoSpectra (Sawari Ventures)

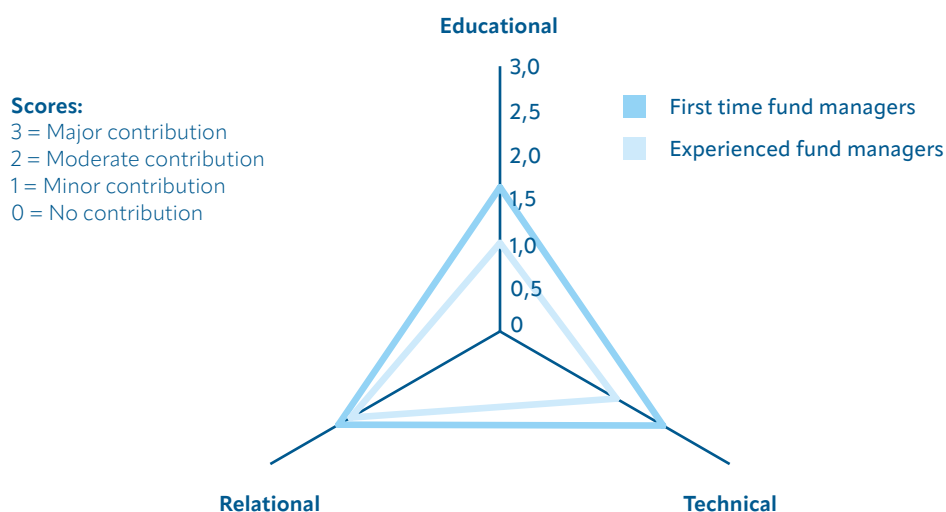


Figure 7 Relational knowledge transfer is perceived to contribute similarly to SME capacity development, regardless of fund manager experience (Source: Deep Dive survey)

Case Study: The experienced fund manager maintains its culture as it makes its knowledge transfer more complex

Insitor's knowledge transfer approach has evolved from a top-down, fund-driven model to a more collaborative, company-led one. Early on, Insitor directly managed strategic reviews and TA projects but soon recognised that lasting outcomes required stronger engagement and ownership from portfolio companies. This prompted a shift towards a company-driven model, where investees were given a more active role in shaping and implementing their own TA projects.

Over successive funds, Insitor introduced greater flexibility and sophistication. TA project cost-sharing ranges from 25% to 40%, adjusted according to company maturity, project scale, and feedback from LPs. A dedicated internal fundraising resource was also introduced to help source grants for portfolio companies, acknowledging both the effort required and the added value for SMEs. Insitor further refined its country team structure, assigning investment officers responsibility for frequent, responsive TA engagement and ensuring continuous support for portfolio companies.

Butterfly Learnings' founder, an investee across three funds, experienced this evolution firsthand. They described early support as less structured, centred on short-term planning and personal problem-solving, critical for navigating challenges and offering a trusted sounding board. By the third fund, the company observed a more diversified and structured offering, with 'vertical and horizontal tracks' spanning board meetings, ESG initiatives, TA, ad hoc calls, and collaboration with a strengthened local team in India. This enabled longer-term planning, greater process discipline, and broader access to expertise and networks.

Despite increased complexity, the company found that the fund manager maintained its core culture of close, personal relationships, ensuring that trust and meaningful engagement remained central.



4. Enabling knowledge transfer through relationships

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Trust-based engagement makes knowledge more relevant and impactful

The relevance, timeliness, and effectiveness of knowledge are crucial to SME success. It is the quality and delivery of knowledge transfer - rather than its sheer volume - that ultimately shapes outcomes for these businesses. Evidence from fund manager practices and SME experiences highlights the importance of tailored, relationship-driven approaches in enabling meaningful development.

Interpersonal relationships are the foundation for successful knowledge transfer

The relationship between the fund and the SME forms the foundation through which knowledge transfer takes place. Effective knowledge transfer relationships are characterised by frequent interactions, trust and mutual respect, accessibility, and informal connections that sometimes evolve into genuine friendships. These relational elements create the conditions for meaningful exchange and a deeper understanding of SME needs.

A strong relationship is essential for the effective delivery of other forms of knowledge transfer, such as educational or technical exchanges, as it builds trust and open communication for more structured interventions. Building and maintaining such trusted relationships requires significant time and resource allocation from funds, particularly in the early stages of an investment.

Flexible approaches are best suited to support early-stage SMEs' rapidly changing needs

The maturity of an SME determines its capacity to absorb structured support. Structured knowledge transfer initiatives, such as TA or long-term capacity-building projects, are most effective when SMEs have sufficient organisational maturity.

In contrast, relationship-based and flexible support is essential in the early growth phases, as it enables SMEs to navigate rapidly evolving needs and ensures a responsive flow of knowledge. Successful knowledge transfer therefore requires fund managers to understand each SME's context and tailor their engagement accordingly. Without this relational basis, even well-intentioned knowledge transfer interventions risk being underutilised.

While first-time fund managers may not always be as well positioned to offer technical or educational knowledge transfer as more experienced fund managers, they are just as successful in supporting young SMEs through relational knowledge transfer, which is what they need the most.

Peer learning is fundamental and is enhanced by access to broader ecosystems

One of the most effective ways SMEs develop and grow is through learning from peers. SMEs consistently highlight the value they gain from exchanging experiences, discussing challenges, and sharing practical solutions with others in similar situations. However, opportunities for such peer-to-peer learning are often largely confined to interactions within a single fund's portfolio, limiting exposure to broader perspectives across sectors, markets, and investment networks.

In response to this gap, some SMEs have turned to external online communities as alternative avenues for connection and support. Their experiences point to a clear and persistent need for more intentionally structured opportunities for cross-portfolio and cross-market engagement. Creating such spaces would enable richer knowledge exchange and more contextually relevant learning among SMEs facing similar sectoral, developmental, or operational challenges.



5. Concluding what works in knowledge transfer

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Insights into the practices that create strongest capability gains

The findings above illustrate both what works well and what does not in how fund managers transfer knowledge to SMEs, leading to the following conclusions.

More knowledge transfer does not mean more knowledge

Increasing the number of knowledge transfer activities does not automatically lead to greater or more meaningful knowledge for SMEs. Instead, the effectiveness of knowledge transfer is rooted in the strategic application of suitable tools and the unique strengths of each fund manager, tailored to the evolving needs of SMEs.

This approach requires fund managers to be discerning, prioritising quality, relevance, and timing over mere volume. By focusing on responsive, relationship-driven support and customising interventions to the context and stage of each SME, fund managers can ensure that knowledge transfer genuinely adds value. This also underscores the importance of a flexible, demand-led approach grounded in strong relationships and a deep understanding of the diverse challenges SMEs face.

Knowledge transfer is central to risk capital in SME development

SMEs value the expertise, guidance, and strategic support of fund managers as much as the capital itself. Early-stage investing is fundamentally a bet on unrealised potential: the belief that a company can grow if the right improvements are made in governance, decision-making, and organisational capacity.

Capital enables expansion, but knowledge transfer determines whether SMEs can deploy that capital effectively, manage risk, and build resilient organisations. DGGF selects funds not only for their ability to provide financing, but also for their commitment to active, hands-on engagement with portfolio companies.

This engagement works best when it is built on strong relationships, open communication, and an approach flexible enough to meet the rapidly changing needs of early-stage businesses. Ultimately, the most valuable contribution a fund manager provides is contextual, experience-based knowledge - something that cannot be replicated by capital alone.

Effective peer learning for SMEs requires initiatives beyond individual fund managers

A fund manager's primary responsibility is to create value and build capacity within its own portfolio. For SMEs to benefit from the experiences of peers beyond that portfolio, fund managers inadvertently depend on external ecosystem partners to create and support such opportunities.

This is not due to shortcomings of fund managers, but rather a reflection of the nature and scope of private investments and the complementary role of ecosystem actors in enabling broader knowledge exchange. Where such ecosystem partners are absent, SMEs are often unable to connect with peers from different funds, sectors, or geographies, restricting their ability to benefit from cross-sector and cross-market knowledge sharing.

Overcoming this challenge requires deliberate, system-level interventions that expand SMEs' access to external peer networks, enabling richer collaboration and knowledge exchange beyond the confines of individual portfolios.



6. Recommendations for DGGF

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Concrete actions that DGGF can take to improve effectiveness and cross-portfolio learning

These recommendations build on the findings and conclusions of this Deep Dive and focus on the conditions under which knowledge transfer most effectively supports SME performance and peer learning across the DGGF portfolio.

Ensure knowledge transfer fits SME needs at the right stage

This Deep Dive shows that knowledge transfer contributes most to SME performance when it is aligned with SMEs' evolving needs in both content and form, and when it is delivered through strong, trust-based fund-SME relationships. Effectiveness depends less on the volume of activities and more on whether the right type of support is provided at the right moment in a company's development. As a guiding principle emerging from the findings, knowledge transfer works best when high-quality knowledge meets a clearly articulated need, in a form that fits the company's level of maturity. At the same time, support can become supply-driven when predefined TA or learning formats are offered regardless of whether SMEs are ready to absorb them.

DGGF can strengthen the contribution of knowledge transfer by making the key success factors more explicit across its portfolio. This includes recognising relationship-based and adaptive support as a core driver of impact, encouraging needs-first thinking when TA or structured support is designed, and translating the insights from this Deep Dive into a shared understanding of what effective knowledge transfer looks like in practice. This does not require prescribing a single model for fund managers. Instead, it calls for building awareness of why different approaches work in different contexts and at different stages of SME maturity.

Position the DGGF Academy as the platform for peer learning among fund managers

The findings confirm that peer learning and network-based exchange are among the most valued forms of knowledge transfer, yet they are constrained by what individual fund managers can facilitate within their own portfolios and networks. Even highly engaged fund managers face practical limits in connecting peers across markets, sectors, and regions. DGGF is well positioned to address this gap through its portfolio-wide reach, with the DGGF Academy already providing a strong foundation as a knowledge infrastructure.

At present, the Academy's potential as a platform for peer learning among fund managers may not yet be fully realised. While it provides a solid foundation, peer learning becomes effective only when it is actively used by the right participants. In particular, the engagement of the most experienced and successful fund managers is critical to creating credible learning dynamics and encouraging wider participation across the portfolio. By using the Academy more deliberately to connect fund managers around shared challenges and proven practices, DGGF can help make peer learning a more systematic feature of its investment ecosystem across individual fund manager portfolios.

Use monitoring to learn how knowledge transfer happens

The findings of this Deep Dive confirm that knowledge transfer, particularly where it is relational and embedded in long-term fund-SME relationships, cannot be meaningfully captured through standardised quantitative indicators. Its effectiveness depends on timing, context, and specific company needs, making precise outcome measurement neither feasible nor desirable. At the same time, there is clear value in systematically capturing what fund managers do in practice and how knowledge transfer occurs across the portfolio.

DGGF can strengthen its understanding of knowledge transfer by positioning monitoring primarily as a learning tool rather than an evaluative or performance-steering instrument. This involves collecting structured qualitative information that can be analysed for patterns over time, without increasing reporting burdens or attempting to quantify relational processes.

Building on the framework developed in this study, DGGF could introduce a simple categorisation of knowledge transfer activities, distinguishing between educational, technical, and relational mechanisms. This could be complemented by short qualitative reflections on purpose, timing, and perceived usefulness at fund level. Over time, this would allow DGGF to better understand what fund managers already do well, what works in which contexts, and where additional support may accelerate SME outcomes, thereby creating a stronger evidence base for learning, portfolio oversight, and future programme design.

Appendix A Research Questions

Overall question: *To what extent do knowledge transfer activities implemented by DGGF investees contribute directly to local SMEs performance and indirectly to sustainable and inclusive economic growth?*

- 1. Definition:** What should a fine-tuned definition of 'knowledge transfer' in the context of DGGF Track 2 be?
- 2. Knowledge transfer topics:** What are the main topics covered by knowledge transfer activities led by DGGF investees?
- 3. Knowledge transfer methods:** Which forms of knowledge absorption and utilization are implemented by DGGF investees (e.g. training, coaching, experiential learning, shadowing, paired work, or tailor-made technical advice, etc)?
- 4. Measurement:** Which methods of measuring knowledge transfer are being used (e.g. post training surveys, Net Promoter Score (NPS) calculation, etc)?
- 5. Effectiveness:** Which forms of knowledge transfer are most effective in increasing the knowledge and capacity of local SMEs? Why and how (i.e. what are the success factors behind the most effective ones)?
- 6. Efficiency:** Which are most efficient in impacting positively the performance of local SMEs as per DGGF ToC?
- 7. Outcomes:** What are the most common changes observed in local SMEs as a result of the knowledge transfer efforts?
- 8. Value:** Can we establish the 'value for money' of knowledge transfer efforts on the improved performance of local SMEs?

Appendix B Methodology notes

This Deep Dive uses a mixed-methods approach, combining portfolio data, survey data and interviews. The findings draw on survey responses from 40 companies across the portfolio of DGGF funds, as well as semi-structured interviews with five purposively selected fund managers and twelve of their portfolio companies.

The methodology is built around a bottom-up approach. Rather than tracing the traditional flow of knowledge transfer from funds to SMEs, the analysis starts with the investees themselves. By first identifying those SMEs that have demonstrably contributed to DGGF's systemic outcomes, the study then examines the role knowledge transfer has played in their success.

The study is not designed to be a rigorous evaluation of what works and what does not. Rather, through purposive sampling of selected funds and SMEs, it aims to surface qualitative insights from some of the most 'successful' private equity funds and SMEs within the DGGF portfolio.

Survey

To identify the survey sample, a minimum definition of success was established using DGGF's existing data on systemic outcomes, settling on two key indicators: an increase in revenue and an increase in jobs since investment.

This approach was chosen deliberately to gather insights from companies who are already contributing to DGGF's systemic outcomes, and to explore whether and how knowledge transfer from the funds contributed to their success.

Using these criteria, 133 SMEs were identified as having successfully contributed to DGGF's systemic outcomes and were invited to participate in the survey, of which 40 responded.

Interviews

First, funds were selected based on the 40 survey responses, with priority given to those that with a higher number of responding SMEs. Funds were also selected across different geographies to ensure regional representation while maintaining sufficient responses from SMEs within each fund to provide meaningful insights.

Second, SME interviewees were selected within the chosen funds based on several criteria. These included variation in the frequency of knowledge transfer activities, reported improvements since the fund's investment, and the perceived contribution of different types of knowledge transfer. Ownership characteristics, such as women- or youth-owned SMEs, were also considered. In addition, the availability of companies to participate in follow-up interviews was taken into account.

Using insights from both the survey and interviews, findings were triangulated and synthesised to reflect both the range of knowledge transfer practices across funds and the depth of individual SME experiences.

Knowledge Transfer Deep Dive

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Commissioned on behalf of

The Dutch Good Growth Fund (DGGF), specifically its 'Financing Local SMEs' track 2, is a 'fund of funds' initiative of the Dutch Ministry of Foreign Affairs. The initiative aims to improve financing for the 'missing middle': SMEs that lack a convincing proposition to mainstream investors, often due to a combination of their small size and high risk. Greater access to finance enables these local enterprises to grow, thereby contributing to sustainable development, the financial ecosystem and better markets worldwide. The Seed Capital and Business Development (SC&BD) program was established to increase the impact of the DGGF by providing technical assistance, seed capital and business support services to intermediary investment funds and local SMEs. The program incorporates a knowledge development and sharing component that supports research, tests assumptions and shares insights into financing SMEs in developing countries and emerging markets - fostering industry-wide knowledge exchange.

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