

## MINUTES DUTCH GOOD GROWTH FUND (DGGF) SEMINAR

Date: November 6<sup>th</sup>, 2014

Time: 9.00-17.00

Location: Harare, Zimbabwe

### 1. Programme

- Welcome Remarks by Ambassador G.A.A Sneller
- Opening remarks by Honourable Minister Bhima of Industry and Commerce
- Presentation on DGGF by Mr. Selwyn Moons (Ministry of Foreign Affairs)
- Presentation on other Dutch business instruments by Mr. Koen Hamers (Netherlands Enterprise Agency, RVO)
- Presentation on the Zimbabwe-Netherlands Business Link by Goof de Jong
- Presentation by Mr. Jan Willem Fieren, ICCO Investment
- Presentation by Mr. Erik van Eeten, Realty Africa
- Presentation by Mr. Ndumiso Mpfu, Hivos
- Presentation by Mr. Ewout van der Molen, FMO
- Closing remarks by Maarten Rusch, Deputy Head of Mission Netherlands Embassy in Zimbabwe.

### 2. Summary of Seminar

The Netherlands Embassy in Zimbabwe invited companies and organisations from Zambia, Malawi, and Zimbabwe to attend the seminar. The aim of the seminar was to share the Dutch funding facilities. The Dutch Good Growth Fund is one of the new instruments offered by the Dutch government that target Dutch Small and Medium Enterprises (Track 1) and Small and Medium Enterprises in 44 countries including Zambia, Malawi and Zimbabwe. These SMEs will be able to access the funds through an intermediary that the Dutch government will identify in each country (Track 2). At this moment only Track 1 is available and the date for track 2 will be communicated soon, most likely around April-May 2015.

The Dutch Good Growth fund is a revolving fund. This means that there are no grants available but provide loans and equity at an interest rate. The fund also will check if its financing is not competitive with local banks.

Track 1: The fund manager for track 1 is RVO. There is possibilities to access credit and trade finance. There is also a possibility to receive funds for feasibility studies and demonstrations. These funds are provided on the basis of 50% grant and the remaining 50% is funded by the business themselves.

Track 2: Price Waterhouse Coopers and Triple jump act as the international fund manager. PWC and Triple Jump are at this moment identifying intermediaries in each country. The intermediaries will be announced for each country on the DGGF website in about two weeks' time. The intermediary fund is worth between 175-300 million

euros for all 44 countries. 20% of this intermediary fund will go to businesses in fragile states and 20% will be reserved for women entrepreneurs.

The application criteria for investment is that the business should be able to show what impact it will have (e.g employment and production increases). The SME financing needs will need to be above the microfinance threshold which means between \$25,000-50,000 minimum. The interest rate of the investment is 0% but the business is expected to pay for all its operating costs.

The DDGF is only one of the Dutch instruments that you can apply for, there are also other instruments still available that you can find on the website of RVO.

For more information visit [www.rvo.nl/DGGF](http://www.rvo.nl/DGGF)

### **3. Highlights of other investment opportunities for businesses in Zambia**

#### ICCO Investments

This is an inclusive business fund in collaboration between ICCO and Rabobank. They provide the following services: debt financing, equity, post investment services. These services are provided in hard currency and the company would require to generate the hard currency themselves. The interest rate is between 8%-12% depending on the country. The interest rates are similar to commercial banks however ICCO investments takes on more risk.

Loans that can be provided are between 200,000 -1 million euros with a 3 months turnaround for disbursement of funds. ICCO investments considers several types of collateral such as land, machines but also receivables if applying for working capital.

#### FMO

FMO finances two programmes:

1. MASIF: Provides loans to Micro-Finance Institutions or local private equity funds that provide loans to SMEs.
2. AEF: Access to Energy Fund

Loans are between \$2 million and 40 million.

The criteria that FMO looks at is:

- The loan cannot compete with commercial banks
- Preferably FMO wants to be co-funder, so the business requires other investment partners
- The environmental, social and operational performance of the business is also considered.

FMO also manages a capacity development program. This fund can be a maximum of 0.5 million euros depending on the size of the loan and will also require contributions from the business to co-fund this.

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You can find all the presentations with more information and contact details on the online platform.