

# PERSPECTIVE OF THE FUND MANAGER



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The Dutch Good Growth Fund Financing Local SMEs is managed by a consortium consisting of Triple Jump and PricewaterhouseCoopers Advisory (PwC) on behalf of the Dutch Ministry of Foreign Affairs. Steven Evers, Managing Director and CEO of Triple Jump, and Anton Koonstra, Partner Consulting Public Sector at PwC, reflect on the achievements of DGGF to date.

## What factors have been important for the success of DGGF Financing Local SMEs?

DGGF is an innovative initiative to translate foreign policy into an investment instrument. Combining high developmental impact with financial targets was considered by many as a great challenge. *“Thanks to the close collaboration with the Ministry, we were able to incorporate the policy guidelines in our investment strategy in a manner that combined impact with a professional fund structure and financial sustainability. This cooperation and the balance of interests have been critical for DGGF’s success from the start”*, mentions Steven. The fund has brought together two parties that complement each other well. Triple Jump has years of experience in impact investing in frontier markets and PwC has a global network and is an expert in programme management, tax and incorporating ESG standards into business and investment operations. *“By combining our respective strengths and focusing our work, we were able to kick-start the fund quickly and continue to successfully co-manage DGGF”*, says Anton.

## What makes DGGF unique compared to similar funds in the market?

By deploying investment capital, seed capital, technical assistance and knowledge products, DGGF takes a holistic approach to serve the missing middle. *“This breadth of tools enables us to venture outside pure investment initiatives and to nurture comprehensive entrepreneurial ecosystems. By supporting players like accelerators and incubators, we accompany SMEs along their growth path from ideation to expansion and address the hurdles they face along the way”*, explains Steven.

DGGF is also unique in its high-risk appetite, its presence in fragile countries like Afghanistan and South Sudan, and its hands-on support to the managers DGGF works with. Additionally, DGGF supports financial initiatives at a much earlier stage compared to other investors by using seed capital and technical assistance instruments. This support enables new, local teams to test their investment strategy, gain on-the-ground experience and ‘graduate’ to the DGGF investment portfolio or other investors. *“Sempli, a digital lender in Colombia, is a good example of an investee that has graduated from the Seed Capital portfolio in mid-2017 to attracting DGGF investment capital in late 2018”*, Steven notes.

## How does DGGF make a real impact on the ground?

We have already witnessed significant job growth across the SMEs supported by DGGF. Many of those SMEs are owned by young and female entrepreneurs who are especially disadvantaged when it comes to accessing finance. We support fund managers not only to invest into SMEs, but also to build their capacity, as is demonstrated in the stories throughout this report. *“DGGF also contributes to the diversity and professionalisation of financial services available to SMEs”*, says Anton. *“To serve the diverse needs of the missing middle, DGGF actively invests in parties that offer finance that is supplementary to the existing local market offer, be it debt, equity, leasing or other instruments.”*, adds Steven.

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We also believe that we have brought new impetus to a group of market players aiming to combine developmental and financial targets. NGOs, private investors and other governments are increasingly expressing interest in impact funds and in becoming co-investors alongside DGGF.