



THE BUSINESS
HUMANITARIAN
FORUM

THE POSITIVE POTENTIAL OF THE PRIVATE SECTOR

Contact Meeting Report

PROJECT FINANCING IN DEVELOPING COUNTRIES

"The best contact meeting I have ever attended in Zurich...".
(Participant at the Zurich Meeting)

Business Humanitarian Forum

Zurich, October 31, 2006

Geneva, November 1, 2006

SIFEM



DEG

KFW BANKENGRUPPE



SWISS ORGANISATION FOR
FACILITATING INVESTMENTS



Switzerland

International Chamber of Commerce

The world business organization

Contact Meetings on “Project Financing in Developing Countries”

Organized by the Business Humanitarian Forum

Zurich, October 31, 2006, and

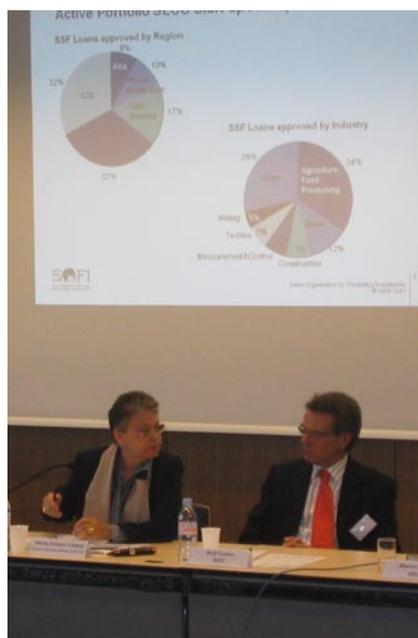
Geneva, November 1, 2006

With the participation of:

- German Investment- and Development Corporation (DEG)
- International Chamber of Commerce Switzerland (ICC Switzerland)
- Swiss Investment Fund for Emerging Markets (SIFEM)
- Swiss Organization for Facilitating Investments (SOFI)

Development of the local private sector is an urgent and key component of overall economic development in developing and emerging-market countries. Western companies already active or wanting to become active in such regions support this process. In addition, foreign investors often support private and governmental organizations and seek to assist local entrepreneurs to start, develop and improve their businesses in various ways. However, funding is often the limiting factor, and is most difficult in least-developed countries, countries emerging from conflict, and so called “weak governance zone”.

With this problem in mind, the BHF and its partners invited a selected group of Swiss companies interested in this challenge. Each meeting included presentations on existing project financing tools



and services that can support investment projects with a development impact. The presentations gave illustrative examples of projects already undertaken or possible. Following the presentations, bilateral meetings were held between individual company representatives and the presenting organizations, to discuss potential ideas in detail. The meeting objective was to begin a process that will lead to creation of concrete new projects, as well as new ideas on how to improve existing project financing instruments to better meet the needs of investments and businesses in these developing countries.

The Zurich meeting was hosted by ICC Switzerland, which is a component organization of the ICC and is run by Economiesuisse. ICC members include in particular multi-national companies, international or specialised law firms, chambers of commerce, and major trade associations. ICC Switzerland was founded in 1922 by Economiesuisse (formerly Vorort), the Swiss Bankers Association, and the Swiss Chamber of Commerce in France as one of the first ICC chapters. On behalf of Swiss companies, ICC Switzerland provides access to the activities of the World Business Organization, informs about global economic developments, influences these from a Swiss point of view, and promotes positions taken by the international

business community towards Swiss policies affecting the international business community. The development and promotion of positions on economic policy occurs through the institutional framework of Economiesuisse.

Maria Cattai, former Secretary General of the ICC, facilitator of the Geneva meeting, with Rolf Gerber, First Vice President of DEG

The International Context

The meetings were introduced by BHF President John Maresca, who highlighted the overall international context. Mr. Maresca's Opening Statement follows:

“At the BHF, we have been studying and experimenting with how businesses, with their motivations and interests, can more effectively participate in economic development in the areas that need it most -- the world's poorest countries, post conflict states and developing areas in general.

“From an overall perspective, those of us who are benefiting from the process of globalization should all recognize that these poor or undeveloped areas must not be left out of the process of globalization or they will become problems for the developed world, just as Afghanistan or Somalia became problems. At the same time, these countries and places can offer opportunities for business in certain circumstances, where growth rates can be high and where some specific business sectors can be profitable.

“Businesses naturally hesitate to invest in these regions because of the risks involved. But these risks can be mitigated through partnerships with entities that bring special qualities and experience to the table. Often the range of possibilities for risk sharing through investment partnerships is simply not known to companies. In putting together investment projects, we at the BHF have joined with a number of partner organizations that have made our projects possible, and on the basis of this experience we concluded that it would be useful to organize meetings like this one to display the kinds of services that are available, and to inform businesses about how they work. Financing for projects is a very special problem in high risk areas, especially for local entrepreneurs, but here again partnering can ease the problem.

“The BHF is very much an action-oriented organization, so from our perspective we hope this meeting will be the beginning of a process that will lead to the creation of new projects and new concepts. The BHF is ready to work with a variety of partners to manage projects and to negotiate agreements. In short, the BHF will fill in whatever is needed to make a worthwhile project a reality.

“At the BHF we believe that economic development starts with a simple equation: people need jobs. Give a head of a household, whether a man or a woman, a job, and they can usually take care of most of their other problems. And they are much more likely to stay out of trouble, too. The private sector is the engine of job creation and wealth creation, and so private sector investment is badly needed in these poor countries. The BHF wants to help the private sector to invest and do business where jobs are needed most, so we look forward to discussing with you the specific areas of your interest.

“What we will talk about here today is what is currently available, and it is important to know this. But we also need to think about what can be done to improve the situation. We are the first to recognize that the currently existing instruments are insufficient to lift poor countries and poor people out of poverty while also permitting business profitability. So we are constantly looking for new ideas, and new types of instruments, which may help us to move in this direction. We welcome your ideas, and look forward to our discussions.”

Participating Organizations

The **DEG** is a member of the KfW-Banking Group (Kreditanstalt für Wiederaufbau). DEG is one of the largest European development finance institutions for long-term project and company financing. For more than 40 years, DEG has been financing and structuring the investments of private companies in developing and transition countries. DEG invests in profitable projects that contribute to sustainable development in all sectors of the economy, from agriculture to infrastructure and manufacturing to services.



**At a glance.
DEG's services.**

Strategic planning

- advice on strategy and countries
- information on types of finance
- check of business plan
- support via local offices (e.g. contacts with local authorities and institutions)

Long-term finance

- structuring of tailor-made finance (various financial instruments)
- additional finance from commercial banks or financial institutions
- coordination of the whole financial package

Competent partnership

- suitable controlling instruments / analysis of weak points
- restructuring



**Tailor-made finance.
DEG's financial instruments.**

- Long-term loans
- Mezzanine finance
- Equity capital
- Guarantees

market-oriented terms
suited to the individual project = flexible

Weblink to full text:

DEG presentation (General)

http://www.bhforum.org/PPT_Project%20Financing/Microsoft%20PowerPoint%20-%20DEG-Presentation-R.Gerber.ppt.pdf

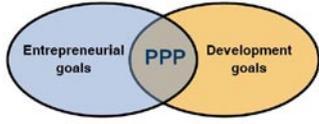
Complementary to its financial and consultancy services, DEG offers the Public-Private Partnership programme of the German Federal Ministry for Economic Cooperation and Development (BMZ). The programme unites private-sector commitment and developmental goals and mainly addresses German and Western European enterprises, independent of their size and industry. PPP-projects are always based on business interests and activities. The following aspects are important for the realization of such a jointly financed PPP project:

- the company's own interest in the long-term success of the PPP project
- the generation of structural or demonstration effects and/ or
- broad effects and sustainability of the project beyond the company's spectrum/ its value chain.

Since the PPP programme was initiated in 1999, DEG has co-financed around 380 PPP projects all over the world.

Concept 

Joining forces, doubling success.



→ Promote private sector activities with development impact
→ PPP = co-financing; PPP ≠ loan, subsidy

Opportunities for Swiss Companies 

PPP: Tool to propel business.

- to facilitate access to governmental and private institutions and decision-makers as political "door openers"
- to build credible local business networks with associations, relevant educational and research institutes or governmental agencies and ministries
- to facilitate market entry and opening of new profitable markets for products and services
- to promote marketing and image-building
- to train staff with partner institutions
- to qualify and certify suppliers to comply with international standards.

Weblink to full text:

DEG presentation (PPP-Programme)

http://www.bhforum.org/PPT_Project%20Financing/Microsoft%20PowerPoint%20-%20DEG-Pre-sentation-M.Christ.ppt

The Swiss Investment Fund for Emerging Markets, **SIFEM**, manages the investment portfolio of the State Secretariat for Economic Affairs (SECO) in developing and transitional countries. It advises SECO on new investments opportunities and provides, on its behalf, long-term capital for private sector projects in developing and transitional countries. Sifem is committed to SECO's Strategy 2006 and Agenda 2010 to reduce poverty by investing in commercially viable projects. As a financial institution Sifem expects to make a profit on its operations commensurate to the risk it takes.

Sifem provides investment financing in the form of equity, debt and combination of these for growth oriented Small and Medium sized Enterprises (SMEs) or financial institutions that serve this companies. Investments can be done either directly in private businesses of all sectors or indirectly through financial intermediaries (funds, banks, Micro-finance Institutions (MFIs) and leasing companies). Sifem operates on a commercial basis. It invests exclusively in commercially viable projects.

SIFEM SWISS INVESTMENT FUND FOR EMERGING MARKETS

Establishment June 1st, 2005 as spin-off from SECO

Vision Becoming a profitable investment advisor in development finance and to serve as a catalyst for expanding financial markets in emergind countries

Business Managing SECO's investment portfolio mainly in SMEs in Africa, Asia, Latin America and Estern Europe

Promoting

- company and infrastructure projects that provide long-term commercial viability
- good business ethics and working conditions
- socio-economic benefits while ensuring natural environmental protection

Comparative Advantage

- Building on a well established portfolio
- Leveraging worldwide contacts with professionals

SIFEM SWISS INVESTMENT FUND FOR EMERGING MARKETS

Push for better investment climate and subsequently pull private investments by

- bridging between commercial investments and governmental development co-operation
- mobilising and completing private capital flow by mitigating political risk
- stabilising capital flows due to non-cyclical nature
- generating innovative financial instruments and risk mitigation mechanisms
- improving standards in financial industry through technical assistance
- improving legal and regulatory environment
- promoting SMEs by facilitating access to finance

Weblink to full text:

SIFEM presentation

http://www.bhforum.org/PPT_Project%20Financing/Microsoft%20PowerPoint%20-%20SIFEM-%20Presentation.ppt

SOFI was created in 1997 on the initiative of the Swiss State Secretariat for Economic Affairs (SECO). SOFI's role is to promote investment projects between companies in Switzerland and OECD countries, and counterparts in countries with developing and transition economies, and to enable the transfer of capital, technological expertise and managerial know-how through this process.

SOFI as an instrument of SECO is committed to SECO's Poverty Reduction Agenda 2010. Through the developmental impact of its activities in developing and transition countries where it facilitates foreign direct investment and contributes to job creation, SOFI supports sustainable growth and improved living conditions in these regions, thereby leading to their gradual integration into the world economy. SOFI has framework agreements with over 60 countries (located in Africa, the Middle East, Latin America, Asia, Central Europe, Eastern Europe and the CIS) where it is mandated to promote investments. Enterprises in Switzerland and OECD countries wishing to invest in developing and transition economies face a number of challenges: inadequate information and contacts, lack of direct access to financing resources and limited managerial capacity. SOFI is a one-stop shop providing companies the full range of services required to meet such challenges, from the birth of an investment idea to the successful implementation of an investment project.

Characteristics of the SECO Start-up Fund

1. **Unsecured Loans** for **commercially viable investment projects** in the private sector of the associated countries (defined by SECO)
2. **Start-up Projects** within the first three years
3. Targeted Clients : Swiss **SME's** in need for project financing in our associated countries
4. Supported Projects contribute to the **development of the associated countries** by
 1. **Creation of Jobs**
 2. Training of Employees: Know How Transfer (Transfer of standards)
 3. Ecological Production, Education and increase of awareness for ecological aspects
 4. Positive impact on the Trade balance by exports of the goods or import substitution
5. Favorable Terms
6. Only for projects for which no other commercial financing sources are available

Swiss Organisation for Facilitating Investments
© 2006 SOFI

Conditions of the SECO Start-up Fund

1. Meet the **Eligibility Criteria**:
 - o Eligible country
 - o Swiss residency of the borrower
 - o Private Sector Investment
 - o Loan amount up to CHF 500'000 with the borrower at least raising 50% of the investment costs
2. **Show Business viability** of the project as well as financial and management capacity of the project promoter
3. **Loan Repayment** within 5 years
4. **Interest rate**
 - o Is based on the Swiss Export Base Rate (presently 2.625%) plus an increasing risk premium, starting at 2% for the first year
 - o Actual interest rates from 4.625% in the first year to 8.625% in the fifth year
5. **Development Impact** and social factors of planned investment
6. All the borrowers are **jointly and severally liable**.

Swiss Organisation for Facilitating Investments
© 2006 SOFI

Weblink to full text:

SOFI presentation

http://www.bhforum.org/PPT_Project%20Financing/Microsoft%20PowerPoint%20-%20SOFI-Pre-sentation.ppt.pdf

The **BHF** is an international Geneva-based non-profit association. It encourages cooperation between businesses and development organizations for economic and social development where it is needed most, typically in post-conflict and least-developed societies. The BHF uses the synergy of public private cooperation to build sustainable economic projects in such areas, and is currently developing specific projects involving the international private sector, public organizations and local entrepreneurs in Afghanistan, Bosnia-Herzegovina and elsewhere. These projects are concrete examples of cooperation between business and international organizations to reconstruct the economies of wartorn countries, providing sustainable employment and locally-owned production facilities for these needy societies.

 THE BUSINESS HUMANITARIAN FORUM

What we do

A) **Private sector development** in post-conflict and developing regions drawing on private sector support and the facilitating abilities of International Organizations



B) Conceive, develop and coordinate **Public - Private Partnerships**



C) **Training programs and seminars** for IO's and NGO's on how to work with the private sector

"The Positive Potential of the Private Sector"

 THE BUSINESS HUMANITARIAN FORUM

How we operate

- Develop / evaluate project proposals
- Find potential project partners
- Organize contact group meetings
- Coordinate the project development process
- Broker, facilitate partnerships / agreements
- Implement, monitor and report on projects

"The Positive Potential of the Private Sector"

Weblink to full text:

BHF presentation

http://www.bhforum.org/PPT_Project%20Financing/BHF%20Presentation.pdf

Discussions of Specific Project Possibilities

The above presentations gave illustrative examples of projects already undertaken or possible, and gave the opportunity for questions and comments. Following the presentations, bilateral meetings were held between individual company representatives and the presenting organizations, to discuss potential ideas in detail.

These meetings were very much appreciated by the participants, since it allowed them and their companies to discuss specific project financing instruments with the relevant organization.

List of participants**Presenters – Zurich Meeting**

Name	Title	Company
Mr. Christoph Achini	Deputy Managing Director	Swiss Investment Fund for Emerging Markets (SIFEM)
Mr. Marco Christ	Investment Manager Special Programs	DEG
Ms. Marietta Frey	Regional Manager South-East Europe	Swiss Organisation for Facilitating Investments (SOFI)
Mr. Rolf Gerber	First Vice-President Special Programs	DEG
Mr. John Maresca	President	Business Humanitarian Forum (BHF)
Mr. Thomas Pletscher	Secretary General	ICC Switzerland
Ms. Brigitte Scherrer	Project Manager	Business Humanitarian Forum (BHF)

Participants – Zurich Meeting

Name	Title	Company
Mr. Jochen Apfel	Project Manager	IMMARK Technology AG
Mr. Attila Becsek	Vice President	ABB Switzerland Ltd.
Mr. Stefan Bloch	Director Cocoa Dept.	Pronatec
Mr. Urs Brodmann	Managing Partner	Factor Consulting + Management AG
Mr. Guglielmo Carbonero	Director	Tax & Legal Advisors SA
Mr. Norman Davids	Owner	Opst Group
Mr. Ljubisha Djokic	Project Manager	Kommunikation Ost-West
Mr. Juerg Fedier	Finance Director Europe	Dow Europe GmbH
Mr. Simon Gilgen	Director	H. Gilgen optima-Werke
Mr. Ahmet Gokcen	Senior Finance Manager	Dow Europe GmbH
Mr. Viktor Grabik	Director Subsahara Africa and Indian Subcontinent	Swiss Organisation for Facilitating Investments (SOFI)
Mrs. Susanne Grossman	Director Asia	Swiss Organisation for Facilitating Investments (SOFI)

Mr. Thomas Gut	Consultant	Pöyry Infra AG
Mr. Matthias Hauser	Head of Corporate Finance	Sultex Ltd. (Sulzer Textil)
Mr. Gilbert Heim	Consultant	Ecofact AG
Mr. Beat Jost	Director General	Worlddidac
Mr. Dan Kapasi	International Projects Consultant	Cintel Projects
Dr. Louis Kerbage	President	Bossy Céréales SA
Mr. Adel Labib	CEO	Télésonique SA
Ms. Alexa Landolt	Head Administration	Paul Keller Engineering Ltd.
Dr. Christian Leitz	Communications Management	UBS AG
Mr. Kurt Lehmann	Owner	LC East West
Mr. Christoph Meier	Head of Financial Services	Buehler AG
Mr. Ronald Meier	Managing Partner	Zamenis AG
Mr. Luca Moretti	Director	Tax & Legal Advisors SA
Mr. Paul Perjes	Director of Operations	Worlddidac
Mr. Rolf Pfenninger	Head Market Services & Products	Zürcher Kantonalbank
Mr. Daniel Rohrer	Director	Lasso Technik AG
Dr. Niklaus Rutishauser	CEO	R&P Consulting
Mr. David Sampong	Technical Director	De Luca AG
Mr. Rolf Seiffert	Head of International Business	Siemens
Mr. Alexander Shcherbatov	Director	Russische Kommerzial Bank AG
Mr. Peter Silberschmidt	Member of the Board	AIL Structured Finance AG
Mrs. Regula Spalinger	General Manager	Kommunikation Ost-West
Dr. Franz X. Stirnimann	President of the Board	Pharmeg/Pharmakina Group
Mr. Bruno Ulrich	President	Anval SA
Mrs. Verena Utzinger	Underwriting	Exportrisikogarantie (ERG)
Mr. Gregor von Drabich	Director	Green Power East Africa Ltd.
Mr. Victor Wetterwald	Consultant	Baver Rubigen GmbH (Implenia)
Mr. Max-U. Zellweger	Managing Partner	Pacific Consult AG
Mr. Oliver Zenklusen	Managing Consultant	Ecofact AG

Presenters – Geneva Meeting

Name	Title	Company
Mr. Claude Barras	Managing Director	Swiss Investment Fund for Emerging Markets (SIFEM)

Mr. Marco Christ	Investment Manager Special Programs	DEG
Ms. Marietta Frey	Regional Manager South-East Europe	Swiss Organisation for Facilitating Investments (SOFI)
Mr. Rolf Gerber	First Vice-President Special Programs	DEG
Mrs. Maria Livanos Cattau	former Secretary General of the ICC	
Mr. John Maresca	President	Business Humanitarian Forum (BHF)
Ms. Brigitte Scherrer	Project Manager	Business Humanitarian Forum (BHF)

Participants – Geneva Meeting

Name	Title	Company
Dr. Ioan Balin	CEO	EnviroScopY SA
Dr. Roger Bimwala	Director General	Praxis Group Ltd.
Mr. Karl Gustav Bjertnes	CEO	Orah Group
Mr. Serge Bodart	Consultant	Infrastructure Project Development
Mr. Michael Byrnes	Partner	Orah Group
Ms. Maria Coghlan	Financial Manager	Biothermic Concepts & Technology SA
Mr. Serge Depallens	CFO	Cotecna Inspections S.A.
Mr. Antoine Dubas	Business Development Director	Stucky Ltd.
Ms. Anne Frei	Partner	Edics Sarl
Dr. Marc Henzelin	Partner	Lalive Avocats
Mrs. Elizabeth Kalzowska	President	Association Est Rencontre Ouest
Mr. Max Leuzinger	Producer	Claro Fair Trade AG
Mr. Philippe Meyer	Executive Member	Geneva Chamber of Industry and Commerce
Mr. Jean Pouit	Director	FIG-Rafan (Finance for Human Development)
Mr. Benedict Senger	Area Financial Controller	Cotecna Inspections S.A.
Mr. Aklilu Shiketa	First Secretary	Permanent Mission of Ethiopia
Dr. Leon Tedjosasmito	Director	Consultant & Partners
Mr. Vincent Zodogome	Director	Association Solidarité Villages du Bénin (ASVB)

The Business Humanitarian Forum
Maison Internationale de l'Environnement II
7-9 Chemin de Balexert, 1219 Châtelaine
(Geneva), Switzerland
Tel: +41 (0)22 795 1800
Fax: +41 (0)22 795 1809
E-mail: bhinfo@bhforum.org
Website: www.bhforum.org