



SWEDFUND

POVERTY REDUCTION THROUGH SUSTAINABLE INVESTMENTS IN THE PRIVATE SECTOR

Sweden-Bangladesh Business Council
Meeting at the Swedish Trade Federation
Thursday 7th of March, 2018

Swedfund's pillars

Impact on society

- Job creation
- Tax
- Capacity building

Sustainability

- Environment/climate
- Employment terms
- Good governance and anti-corruption

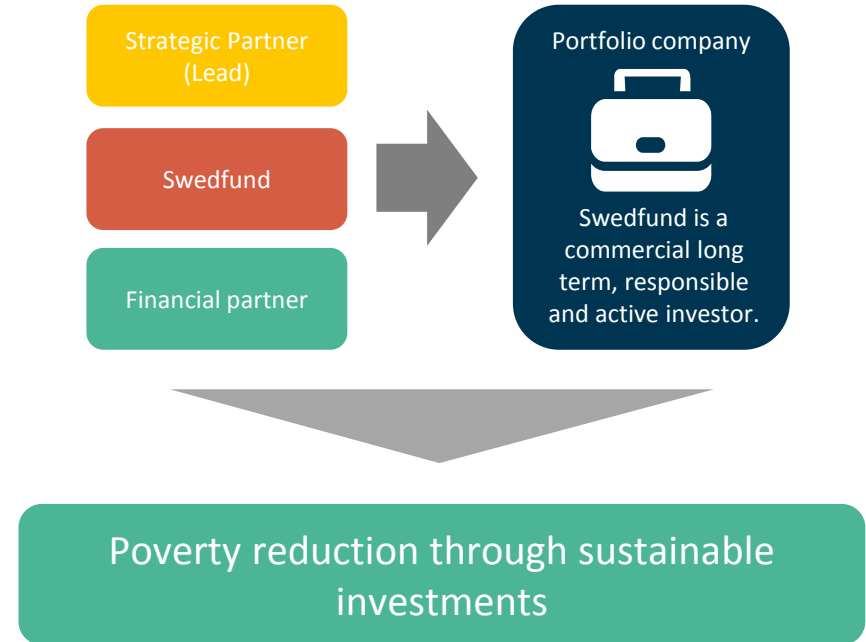
Financial viability

- Growth
- Profitability
- Return on equity

Risk capital

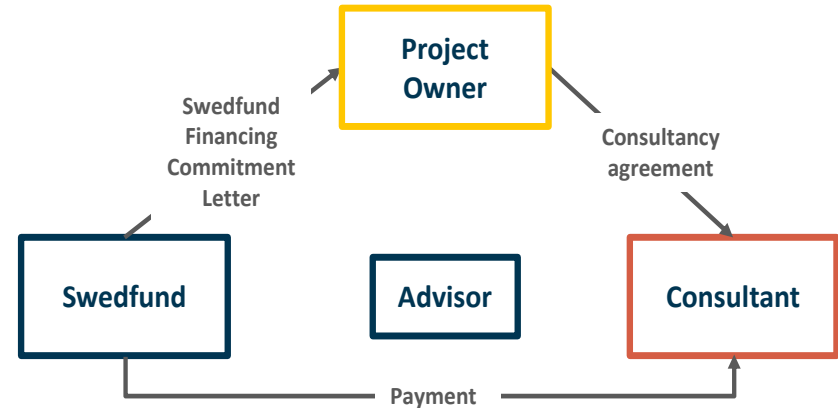
Offer

- Swedfund invests together with **strategic partners** with the required knowledge and adequate availability of finance
- **Geography:** Lower income and lower middle income countries according to the OECD DAC-list
- **Sectors:** Manufacturing and services, Financial institutions, Energy infrastructure, and Health-care
- **Instruments:**
 - ✓ Equity – Always minority stake
 - ✓ Debt – Normal tenor 5-7 years
- **Ticket size** – between MUSD 3-15



Swedfund Project Accelerator

- **Instrument:** Co-financing of feasibility studies in countries on the OECD DAC-list
- **Purpose:** To support the development of sustainable projects and investments by strengthening the capacity of the project owners
- **Why is this relevant**
 - ✓ More projects generated that are bankable and can be implemented
 - ✓ Increase relevance of Swedish exporting companies in the bidding and evaluation process
- **When is the instrument relevant...**
 - ✓ For projects that are of high priority for the beneficiary (the project owner)
 - ✓ For projects that have relevance to Swedish know-how and experience



Swedpartnership - financial support to SMEs

- **Overall objective:** *"The aim is to support the establishment of sustainable, profitable and productive small and medium sized companies in the countries where Swedfund operates"* (the Swedish Government, December 2008)
- **The instrument:**
 - ✓ Swedish SME-companies' investments, risk-taking, know-how, technology, business-culture, experience etc.
 - ✓ Financial support
- **Swedfund's role:** We add our experience and know-how from almost 40 years of financing of investments and projects on developing and emerging markets

Financial support for investments in Bangladesh

- **Swedish SME-companies** establishing their business on an emerging market [Swedish limited liability company with a sound financial position and fewer than 250 employees], **with**
- **a local partner** [... a private limited liability company in Bangladesh]
 - ✓ A subsidiary of the Swedish Co. or a joint-venture company
 - ✓ A local distributor or a local supplier/ producer
- **The project, supported activities:**
 - (1) Transfer of know-how [...for training regarding the products/services, exchange of experience and know-how, Code of conduct etc.]
 - (2) Investments in Machinery and Equipment [...to add capacity and resources]
- **The financing!**
 - ✓ Max SEK 2,0 million (EUR 200 000) for one project, not more than 40% av the project cost
 - ✓ The Loan is converted into a grant when the project has been completed



In total more than 220 approved projects, so far a majority in Asia

Bangladesh, e.g.

- Viola Vitalis AB, **Stockholm**, *"Products for prevention and treatment of arsenicosis"*
- Böle Garveri AB, **Piteå**, *"Leather production based on ecological tanning"*
- Rudholm & Haak AB, **Uddevalla**, *"Production and sales of garment accessories"*
- Widespace AB, **Stockholm**, *"Establishment of a software development center in Dhaka"*

India about 30 projects, e.g.

Antiphon, Bactiguard, Lamiflex, Steelwrist, Bokoredo, Solvina, Metrum Sweden, Waystream, Qualisys, ScandiDos, Cavid, Strusoft, Unipower, Håkansson's Sågblad, Sittab Stol, Care of Sweden, Partex Marking Systems etc.

The value of the financial support for the Swedish SME-company...

- ✓ **Access to financing** at a low cost , that facilitates
- ✓ **A faster start-up of the project** and the investment (from decision to action),
- ✓ **More time on the ground** with the local partner to exchange know-how and experience and to identify and deal with cultural differences
- ✓ **The financial support is complementary** to services and products that other companies and organizations provide
- ✓ In summary, **the financial support reduces the overall risk** of the project and increases the probability of a successful and long-term partnership

Swedfund – what we do!

- Swedfund manages Swedpartnership (the financial support)
- We evaluate all business- and project plans
- Strong focus on sustainability and commercial viability
- We visit all Swedish companies at their premises in Sweden
- We visit all local companies when the project has been completed
- How we measures suces!
 - ✓ Impact on society
 - ✓ Sustainability
 - ✓ Financial viability

Thank you!

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